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July 30, 1999

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Proceeding for the Purpose of Addressing Competitive Effects of Contract Service
Arrangements Filed by BellSouth Telecommunications, Inc. in Tennessee.
Docket No. 98-00559

Dear Mr. Waddell:

I have enclosed an original and thirteen copies of Rebuttal Testimony of Consumer Advocate Division witness Robert T. Buckner, Senior Regulatory Analyst, in the above referenced matter. Copies are being furnished to counsel of record for interested parties.

Sincerely,

A handwritten signature in dark ink, appearing to read "L. Vincent Williams".

L. Vincent Williams
Consumer Advocate

c: Counsel of record

Before the

TENNESSEE REGULATORY AUTHORITY

IN RE: PROCEEDING FOR THE PURPOSE OF ADDRESSING COMPETITIVE EFFECTS
OF CONTRACT SERVICE ARRANGEMENTS FILED BY BELL SOUTH
TELECOMMUNICATIONS, INC. IN TENNESSEE.
DOCKET NO. 98-00559

REBUTTAL TESTIMONY
of
ROBERT T. BUCKNER

July 30, 1999

1 **Q. Please state your name for the record.**

2 A. My name is Robert T.("Terry") Buckner.

3

4 **Q. By whom are you employed and what is your position?**

5 A. I am employed by the Consumer Advocate Division ("CA") in
6 the State of Tennessee Attorney General's Office as a Senior Regula-
7 tory Analyst.

8

9 **Q. How long have you been employed in the utility industry?**

10 A. Approximately twenty years. Before my employment with the
11 Attorney General, I was employed with the Tennessee Public Service
12 Commission ("Commission") as a financial analyst for approximately
13 six years. Prior to my employment with the Commission, I was
14 employed by Telephone and Data Systems ("TDS Telecom") for eight
15 years and the First Utility District of Knox County for three years.

16

17 **Q. What is your educational background and what degrees do you**
18 **hold?**

19 A. I have a Bachelors degree in Business Administration from the
20 University of Tennessee, Knoxville with a major in Accounting. I am
21 also a Certified Public Accountant, a member of the Tennessee Society
22 of Certified Accountants, and a member of the American Institute of

1 Certified Public Accountants. Additional education background with
2 respect to my qualifications is provided in Exhibit RTB-1.

3
4 **Q. Would you briefly describe your responsibilities as a Senior**
5 **Regulatory Analyst since your employment with the CA?**

6 A. Before becoming a member of the CA, I prepared testimony and
7 financial exhibits as an employee with the Commission. Since
8 becoming employed with the CA, my responsibilities have not
9 changed significantly.

10
11 **Q. What is the purpose of your testimony before the Tennessee**
12 **Regulatory Authority (“TRA”)?**

13 A. The purpose of my testimony is to present factual information,
14 which supports the CA’s position concerning the two Contract Service
15 Arrangements (“CSAs”) initiated by BellSouth (“Bell”) in TRA
16 Dockets #99-00210 and #99-00244, CSA’s TN98-2766-00 and KY98-
17 4958-00 respectively, and to respond to the positions taken by Bell’s
18 witness Frame.

19
20 **Q. Have you done any other analysis of Bell’s CSAs than the work**
21 **specifically related to these two CSAs?**

22 A. Yes. In Docket #97-01105, I reviewed many of Bell’s CSAs

1 that had been filed for period of time in 1997. I set forth the results of
2 my review in a document filed in that docket entitled, *Consumer*
3 *Advocate Division's Comments on BellSouth's Contract Service*
4 *Arrangements*, July 22, 1998. At this time, I wish to adopt my opinion
5 as set forth in that document as part of my testimony in the present
6 Dockets. A copy of the Comments on BellSouth's Contract Service
7 Arrangements is attached as Exhibit RTB-2.

8
9 **Q. In your investigation of Docket #97-01105, what was Bell's**
10 **apparent motive for CSAs?**

11 A. I met with representatives of Bell on February 18, 1998 to
12 discuss the matter of CSAs. I concluded from our discussions that it
13 was Bell's position that there were three basic reasons for the CSAs:
14 (1) Response to a competitive telecommunications provider; (2) To
15 protect Bell's revenue stream for the long-term; and (3) As an
16 incentive for customers to increase the usage of services.

17
18 **Q. In the meeting of February 18, 1998, what was the basis for**
19 **determining discount levels?**

20 A. The basis for determining the discount levels was the following:
21 (1) Up to the individual marketer; (2) There was no specific Bell
22 policy for determination; and (3) The discount amount was dependent

1 upon the volume of services purchased by the customer.

2

3 **Q. How is the information gained in Docket #97-01105 relevant to**
4 **these Dockets?**

5 A. I believe that the information is relevant in that it is indicative of
6 the fluid and evolving nature of the CSAs in Tennessee. Additionally,
7 there is evidence of anti-competitive behavior and price
8 discrimination.

9

10 **Q. In these Dockets, the Bell witness, Mr. Frame, defends the CSAs**
11 **primarily on the basis of competition. (See Frame Direct**
12 **Testimony, Page 2, Lines 19-21.) Has the TRA, the FCC, or any**
13 **other authority found that Bell has complied with the**
14 **requirements necessary to open its local market in Tennessee to**
15 **competition?**

16 A. No. The Telecommunications Act of 1996 requires incumbents
17 such as Bell to take action to allow competition to develop in the local
18 market. Those requirements are found in Sections 251 and 252 of the
19 Act. In Section 271(B), a checklist is provided for determining if an
20 incumbent Regional Bell Operating Company ("RBOC"), such as Bell,
21 has complied with Sections 251 and 252. Neither the TRA, the FCC,
22 nor any other appropriate authority has found that Bell has yet

1 complied with the requirements of the Act in Tennessee.

2 In May 1998, the TRA conducted an extensive hearing of more
3 than ten days in Docket #97-00309 for the purpose of determining if
4 Bell had opened its local market in Tennessee to competition in
5 accordance with the Act and as required to be eligible to enter the
6 regional interLATA long distance market. On April 8, 1999, Bell filed
7 a Notice of Voluntary Dismissal and Withdrawal in Docket #97-00309
8 volunteering to withdraw its request that the TRA find that it had
9 opened its market to allow competition as required by the
10 Telecommunications Act of 1996. Since April 8, 1999, Bell has not
11 filed or otherwise provided persuasive evidence that it has opened its
12 local Tennessee market to competition.

13
14 **Q. Have you reviewed the “Rate Assurance” provisions included in**
15 **the CSA identified by Bell as CSA TN-98-2766-00?**

16 A. Yes, on page 9 of the CSA TN98-2766-00 in Docket #99-
17 00210, the following provision is found:

18 If _____ is offered a service proposal
19 from an unauthorized carrier that is
20 comparable both in rate and in level of
21 support provided by BellSouth for any V&T
22 Eligible Service which priced at least 15%
23 less than those provided to _____ by
24 BellSouth which priced at least 15% less
25 than those provided to _____ by BellSouth
26 then these services may be considered for a
27 price reduction. _____ shall provide

1 BellSouth written notice of the service
2 proposal, and sufficient information to
3 validate the terms and rates of the offer and
4 the option to respond to the alternative
5 proposal.

6 BellSouth shall respond in writing
7 within seven (7) calendar days as to whether
8 or not BellSouth will pursue a new rate for
9 _____. In the event BellSouth elects to
10 respond to the offering from the alternative
11 carrier and offers _____ a service proposal
12 with rates that are within ten percent (10%)
13 of the alternative carrier's competitive
14 offering, this agreement shall continue in
15 effect at the new customized rate and
16 charges until the expiration of the V&T
17 Agreement. The parties shall amend the
18 Minimum Annual Revenue Base and the
19 corresponding Discount Levels listed in
20 Appendix II to reflect the rate reduction and
21 any other portions of the Agreement
22 necessary to effect this Rate Assurance
23 Adjustment.

24 If BellSouth elects not to respond to
25 the offer from the alternative carrier or does
26 not offer _____ a service proposal with rates
27 that are within ten percent (10%) of the
28 alternative carrier's offering, the parties shall
29 amend Appendix IA, Appendix IB and
30 Appendix II and any other pertinent
31 provisions of this Agreement as necessary to
32 reduce _____'s Minimum Annual Revenue
33 Base, the Annual Revenue Base and the
34 corresponding Discount Levels listed in
35 Appendix II, if necessary, to permit _____ to
36 purchase the services in question from the
37 alternative carrier.

38
39 While this provision is labeled "Rate Assurance," the assurance
40 provided is that Bell will be able to stop a customer from moving to a
41 competitor of Bell. This provision does not assure the customer that

1 Bell will match a competitor's offer. Instead, it tends to guarantee that
2 Bell can retain the customer by offering to provide the service at rates
3 that are 10% higher than the rates offered by the competitor. While
4 the customer could theoretically reject the higher Bell rates, the
5 punitive effect of the termination penalty included in the CSA would
6 likely result in any potential saving being captured by Bell and not by
7 the customer.

8
9 **Q. What amount of a discount would a competitor have to offer the**
10 **customer under this CSA before Bell would need to respond?**

11 A. Under this provision, a competitor would have to offer the
12 customer a rate that is 23.5% below Bell's Tariffed rate before Bell
13 would even have to consider responding.

14 As stated, the prices offered by the competitor must be priced at
15 least 15% less than those provided by Bell under the contract. Since
16 the CSA provides a discount of 10%, the prices under the CSA are at
17 90% of the tariffed rates for the services provided. A 15% reduction
18 in these rates would require the offered rates to be equal to 76.5% of
19 the tariffed rates. ($90\% \times 85\% = 76.5\%$) This, of course, reflects a
20 23.5% discount.

Bell CSA provided Discount off Tariffed Rates	10%
Bells' Rates as % of Tariffed	90%
The required competitive offer must be 15% below Bell	$90\% \times 85\% = 76.5\%$ of Tariffed Rates
Total minimum discounts offered by the Competitor	$100\% - 76.5\% = 23.5\%$

Q. What level of a discount would Bell have to include in its counter offer in order to invoke the termination penalty if the customer elects to purchase service from the competitor?

A. Since Bell needs only to come within 10% of the competitor in order to bind the customer, Bell is only required to increase its contract discount from 10% to 15.85%.

A competitor offers a 23.5% discount off Bell Tariffed Rates. Competitors' rates as a percent of Tariffed.	76.5%
Bells' response must be within 10% of Competitive offer	$79.5\% \times 110\% = 84.15\%$
Discount Required by Bell to retain the customer	$100\% - 84.15\% = 15.85\%$

As a result, the customer would not be able to take advantage of what might otherwise be deemed a more economic and competitive offer, but instead will be bound to Bell.

While the customer could theoretically reject the Bell counter offer of the 15.85% discount, the punitive termination provision would

1 likely eliminate any savings.

2 How the termination provision would penalize the customer
3 depends on when the contract terminates. As Mr. Frame stated in his
4 pre-filed testimony, termination of the contract at the end of a contract
5 year results in a flat charge. (See Frame Direct Testimony, Page 18,
6 Lines 6-8.) However, if the contract is terminated during a contact
7 year, the charge is likely to be much greater.

8 IX Termination Liability

9 B. If written notice of termination is delivered
10 to BellSouth to be effective prior to the end
11 of the current V&T Contract Year,
12 BellSouth will bill ____ the appropriate
13 termination charges calculated in A. above,
14 in addition to an amount equal to the
15 difference between the current Contract
16 Year to date billing for V&T Eligible
17 billings and the current year Minimum
18 Annual Revenue Base.
19

20 The Minimum Annual Revenue Base for CSA TN98-2766-00 is
21 \$5,750,000. Therefore, if the contract is to terminate in the middle of
22 the year and the customer has been billed only \$2,850,000, the
23 termination penalty will be \$2,850,000 in addition to the flat rate
24 charge as stated by Mr. Frame.

1 **Q. Would the customer be subject to any additional termination**
2 **charges?**

3 A. Yes. Paragraph C of Section IX of CSA TN98-2766-00
4 provides:

5 C. The application of termination charges
6 pursuant to this Section shall not affect the
7 application of termination charges pursuant
8 to the tariff or any other agreement.
9

10 In accordance with BellSouth's tariffs, the customer would be
11 liable for termination charges for some of the services listed on Mr.
12 Frame's Exhibit RLF-1. For example, from the discounted rate for
13 MegaLink® ISDN identified on the exhibit, it appears that the customer
14 has entered into a 49-72 month agreement¹ to purchase this service.
15 Therefore, the provision of BellSouth's Tariff Section B7.5.4 E would
16 apply.

17 Tariff Section B7.5.4

18
19 E. A Termination Liability Charge is applicable
20 at the date of termination. The applicable
21 charge is dependent on the contract period
22 subscribed to and will be equal to the
23 number of months remaining in the contract
24 times the monthly rate provided under the
25 contract.
26

27 Therefore, not only would the customer be liable for the

¹ The rate for MegaLink® ISDN on Exhibit RLF-1 is \$217.50 with a 13% discount. Therefore the pre-discounted rate would be \$250. ($\$217.50 / 87\% = \250.00) BellSouth Tariff Section 7.5.6 D (1) Primary Rate Interface for a 49-72 month commitment is \$250.00 / month. USOC PRFS1.

1 termination penalty in Section IX of the CSA, but the customer would
2 also be required to pay \$250 for each MegaLink ®ISDN Primary Rate
3 Interface for each of the remaining months on its contract to purchase
4 MegaLink ®ISDN service.

5
6 **Q. Are the termination provisions in this CSA consistent with those**
7 **included in other Bell CSAs?**

8 A. No. The termination provisions in this CSA and CSA KY 98-
9 4598-00 are different from some other CSA's filed by Bell. For
10 example, in some CSAs the cancellation language is patterned as
11 follows:

12 If Subscriber cancels this Agreement
13 at any time prior to the expiration of
14 the service period set forth in this
15 agreement, Subscriber shall be
16 responsible for all termination
17 charges. Unless otherwise specified
18 by tariff, termination charges are
19 defined as **reasonable** charges due or
20 remaining as a result of the minimum
21 service period agreed to by Company
22 and Subscriber and set forth in the
23 Attachments. (Emphasis added.)
24

25 While the provision calls for the termination charge to be
26 reasonable, as evident from information obtained during our review of
27 the CSA process, the actual charges set forth in the CSA Attachments
28 are arbitrary and dependent upon the ability of the customer to

1 negotiate. For example, Bell provided copies of correspondence
2 between certain of its employees that included the following
3 discussions:

4wants the first year termination
5 liability to be reduced \$75K (\$325,000 to
6 \$250,000). This shouldn't be an issue since
7 I added an additional \$!00K(sic) as a
8 termination liability in the first year of the
9 Supplemental agreement.

10
11I have done some calculations on
12 the services that we have under contract at
13 _____. Based on the termination penalties
14 on these contracts I share _____ concern that
15 they would be "double gigged" in the highly
16 unlikely event of an early termination on an
17 MSA. For example, if _____ enters into a 36
18 month MSA agreement with an effective
19 date of 2/01/97, but they cancel ALL
20 services through BellSouth at the conclusion
21 of year 1 on 2/01/98, their termination
22 penalties would be as follows:

23
24 \$938,000 Contract termination penalties (ESSX,
25 SMARTPath, PRI ISDN, Synchronet)
26 \$775,000 MSA cancellation penalty at end of Year 1
27

28 **\$1,713,000 TOTAL TERMINATION PENALTY**
29

30 _____ understands that the individual
31 contracts and the MSA agreement are two
32 different issues, but they do not feel that we
33 should have such hefty penalties. My
34 contact tells me that if we can get the MSA
35 penalties more like the following, we can
36 continue with negotiations:
37

38 \$266,000 Year 1
39 \$134,000 Year 2
40

41 (See Exhibit RTB-3.)

1 From these statements, I infer that the termination liabilities
2 included in these contracts are not based on Bell's unrecovered costs
3 or damages that might be incurred by Bell if the contract is breached
4 by the customer. Instead, termination liabilities are largely arbitrary
5 and subject to the ability of the customer's and of Bell's negotiators.

6 Further, these exorbitant Termination Liability amounts are not
7 a financial incentive to the customer as Bell contends, but a penalty
8 imposed on customers. Otherwise, the customer might select services
9 from a competing telecommunications service provider that offers
10 more economical rates. A true financial incentive for the customer
11 would be additional discounts at greater service volumes, not the
12 penalty of paying for services the customer no longer wishes to
13 receive.

14 The revised termination provisions in CSA KY98-4598-00,
15 however, tie the penalties to the discounts received, and do not reflect
16 incurred costs or damages to Bell, which might result from the
17 termination of the contract.

18
19 **Q. Does CSA KY98-4958-00 include the same "Rate Assurance"**
20 **provisions as CSA TN98-2766-00?**

21 **A.** No. The Rate Assurance provision is not included in KY98-
22 4958-00.

1 **Q. Is the computation of the termination penalty under CSA KY98-**
2 **4958-00 consistent with computation under CSA TN98-2766-00?**

3 A. No. Although when Bell filed the CSA, a page identified as
4 “Additional Terms and Conditions” included replacement language for
5 the computation of the termination liability that would have been
6 similar, Mr. Frame testified that the substitute language was not
7 accepted for CSA TN98-2766-00. (See Frame Direct Testimony,
8 Page 17, Line 16.)
9

10 **Q. Does the Consumer Advocate Division have a concern with the**
11 **termination provisions in CSA KY98-4958-00?**

12 A. Yes. While the procedure for determining the termination
13 penalty is different in CSA KY98-4958-00 than in CSA TN98-2766-
14 00, it also results in an amount that is not related to any cost or
15 damages that Bell would incur as the result of the contract being
16 prematurely terminated.

17 In fact, the procedure works somewhat in reverse of what one
18 might expect. It would normally be expected, that the longer the
19 contract has been in effect and the less time remaining on the contract
20 when terminated, the smaller the termination liability. This is not the
21 case as stated in the revised language of CSA KY98-4958-00. The
22 termination penalty actually increases each month for the first year and

1 then remains constant. Therefore, if the customer terminates the
2 contact at the end of the first year or even at the end of the 35th month,
3 when there is only one month remaining on the contract, the
4 termination penalty will be the same. Obviously, any damages, that
5 Bell incurs as the result of the early termination, would not be the same
6 if the contract is terminated after one year when compared to
7 termination with only a month remaining. This termination penalty is
8 unjust and unreasonable.
9

10 **Q. You state that the termination penalty is not related to costs**
11 **incurred by Bell. Doesn't the revised language in KY98-4958-00**
12 **specifically address costs incurred by Bell?**

13 A. Yes, it does. The recovery of the costs, however, is in addition
14 to the penalty computed based on the length of time that the CSA has
15 been in place.
16

17 **Q. Are there other provisions in these CSAs that cause you concern?**

18 A. In addition to the anti-competitive "Rate Assurance" provision
19 in CSA TN98-2766-00 (TRA Docket #99-00210) and the punitive
20 termination provision as previously discussed, these and other CSAs
21 filed by Bell are discriminatory.
22

1 **Q. Does Tennessee law prohibit discrimination?**

2 A. Yes. Discrimination is addressed in several statutes. For
3 example, Tenn. Code Ann. §65-4-122. Discriminatory charges -
4 Reasonableness of rates - Unreasonable preferences - Penalties
5 provides the following:

6 (a) If **any common carrier** or public
7 service company, directly or indirectly, **by**
8 **any special rate, rebate, drawback,** or
9 **other device, charges, demands, collects,**
10 or **receives** from any person a **greater** or
11 **less compensation** for **any service** within
12 this state **than it charges, demands,**
13 **collects, or receives from any other person**
14 for **service of a like kind under**
15 **substantially like circumstances and**
16 **conditions,** and if such common carrier or
17 such other public service company **makes**
18 **any preference between the parties**
19 **mentioned** such common carrier or
20 other public service company commits
21 **unjust discrimination, which is prohibited**
22 and **declared unlawful.** (Emphasis Added.)

23

24 **Q. Is Bell a common carrier?**

25 A. Yes.

26

27 **Q. Does Bell directly or indirectly, by any special rate, rebate,**
28 **drawback, or other device, charges, demands, collects, or receives**
29 **from any person a greater or less compensation for any service**
30 **within this state than it charges, demands, collects, or receives**

1 **from any other person for service of a like kind under**
2 **substantially like circumstances and conditions?**

3 A. Yes. Paragraphs II A, B, C, D, & E, III A of CSA KY98-4958-
4 00 (TRA Docket #99-00244) and paragraphs II A & B of CSA TN 98-
5 2766-00 (TRA Docket #99-00210) provide that service will be
6 furnished to these two customers at a discounted rate, with the amount
7 of the discount being dependent upon the amount of service to which
8 the customer commits to purchase. The level of the service
9 commitment is measured by total revenue collected from the
10 customers. If the actual volume (revenue) during the contract year
11 exceeds the projected volume, the customer is to receive a rebate.

12 As provided in paragraph III A, the customer served under CSA
13 TN98-2766-00 will be billed for services at rates 10% less than the
14 tariffed rates if the customer purchases the contracted level of service.
15 If, however, in accordance with paragraph XIV B, the customer's
16 annual billing equals or exceeds \$6,250,000, the customer will receive
17 a rebate equal to an additional 1%. If the customer's actual purchase
18 equals or exceeds \$6,750,000, the rebate is increased to an additional
19 2% and to an additional 3%, if the actual purchase equals or exceeds
20 \$7,250,000. Bell is providing these customers both a discount and a
21 rebate.

1 **Q. Are the same discounts and rebates provided to these two**
2 **customers of the CSAs in this case?**

3 A. No. When the discount and rebate provisions of the two
4 contracts in this proceeding are compared, it is obvious that the
5 amounts being charged, demanded, billed, and collected are lesser for
6 one than the other. For example, the customer served in CSA TN98-
7 2766-00 is required to purchase \$4,750,000 in order to obtain an 8%
8 discount, while the customer served under CSA KY98-4598-00 is
9 required to purchase half the service of \$2,375,000 to obtain the same
10 8% discount. In order to obtain an 11% discount, the customer served
11 under CSA TN98-2766-00 must purchase \$6,250,000 of service, while
12 the customer served under CSA KY98-4598-00 must purchase only
13 \$3,000,000.

14

15 **Q. Is the difference in the amount of the discounts based on a**
16 **difference in the cost?**

17 A. No. The CA previously requested Bell to admit that the
18 difference in the rates charged customers under the approved tariffs
19 and the CSAs was no greater than the difference in the cost of
20 providing the service to the customers served under the CSAs. Bell
21 responded that it could neither admit nor deny because it had not
22 performed the analysis required. Consistent with its response to our

1 discovery request, the cost studies filed by Bell in support of the CSAs
2 in this docket do not reflect customers specific cost, but are the same
3 cost supports that Bell filed in support of its tariffed rates for the
4 services provided under the CSA. When this data is reviewed, it found
5 that many of the services are common to both CSAs, and that the same
6 costs are identified. This again supports the position that the
7 difference in the rates charged under CSA KY98-4958-00 (TRA
8 Docket #99-00244) and CSA TN98-2766-00 (TRA Docket #99-
9 00210) is not based on the costs of providing the services.

10
11 **Q. Are the same discounts and rebates provided to these customers as**
12 **the discounts and rebates provided to other customers, who**
13 **purchase service under CSAs?**

14 A. No. To illustrate that different discounts and rebates are being
15 offered. The following table is provided, which identifies the percent
16 discount provided under the two CSAs that are the specific subject of
17 these dockets as well as discounts provided to customers that are
18 parties to four other CSAs filed by Bell. While each of the CSAs
19 requires the customer to commit to purchase service for a three year
20 period, the amount of service that the customers must agree to
21 purchase in order to qualify for the discounts varies greatly. As I
22 previously explained, the customer served in CSA TN98-2766-00 is

1 required to purchase \$4,750,000 in order to obtain an 8% discount,
2 while the customer served under CSA KY98-4598-00 is required to
3 purchase half the service, \$2,375,000 to obtain the same 8% discount.

4 In order to obtain an 11% discount, the customer served under
5 CSA TN98-2766-00 must purchase \$6,250,000 of service, while the
6 customer served under CSA KY98-4598-00 must purchase only
7 \$3,000,000.

8 This disparity in the amount of revenue required to obtain the
9 discount is also present with CSA TN97-1641-00, which requires the
10 customer to purchase \$5,000,000 of service to obtain a 12% discount,
11 while the customer served under CSA TN98-2766-00 must purchase
12 \$6,500,000.

13 Similarly, the customer that is a party to CSA TN97-5138-00
14 receives a 10.5% discount by committing to purchase only \$1,360,000
15 of service, while the customers under CSAs TN98-2766-00 and
16 KY98-4598-00 must purchase \$5,750,000 and \$2,750,000
17 respectively, in order to obtain 10% discounts.

Other Example CSAs

Discount Provided by CSA	Required Volume under CSA TN98-2766- 00	Required Volume under CSA KY98-4598- 00	Required Volume under CSA TN96-7973- 01	Required Volume under CSA TN96-7961- 02	Required Volume under CSA TN97-1641- 00	Required Volume under CSA TN97-5138- 00	Required Volume under CSA TN96- 7967-03
2.0%							
3.0%							
4.0%			\$104,236				
5.0%				\$284,648			\$63,516
6.0%		\$2,000,000					
7.0%		\$2,250,000					
8.0%	\$4,750,000	\$2,375,000					
9.0%	\$5,250,000	\$2,500,000					
10.0%	\$5,750,000	\$2,750,000					
10.5%						\$1,360,000	
11.0%	\$6,250,000	\$3,000,000					
11.5%						\$1,632,000	
12.0%	\$6,750,000				\$5,000,000		
12.5%						\$1,904,000	
13.0%	\$7,250,000						

Q. Why is it appropriate to compare the discount in these CSAs that are subject to this proceeding with the discounts offered in other CSAs?

A. To determine if CSAs, CSA TN98-2766-00, and CSA KY98-4598-00 are discriminatory, it is not appropriate to simply compare the

1 rates charged the two customers served under these two CSAs. The
2 rates charged in these dockets must be compared to those charged
3 other customers, who are provided service under tariffed rates or under
4 other CSAs. The table, which is provided here, is not an attempt to
5 identify all of the CSAs that provide for discriminatory rates. The
6 comparisons' presented in the table, however, accurately represent the
7 unjust disparities in the rates that exist among the CSAs filed by Bell.
8

9 **Q. Have you made any comparison of the rates charged for specific**
10 **services billed under the CSAs and those for customers billed**
11 **under Bell's General Subscriber Service Tariff rates?**

12 A. Yes. The following table compares the rates charged for some
13 of the services under the provision of the CSAs with the rates for the
14 same service billed at the General Subscriber Service Tariff rates.
15 Again, these are only examples of the disparity and are not intended to
16 be all inclusive. Attachment III,² which was filed with the TRA in
17 support of CSA TN98-2766-00 and identifies the services provided in
18 accordance with that CSA, consists of 17 pages. I have not prepared a
19 schedule that compares the discounted rates charged with the tariffed
20 rates for each service on that listing or for all of the services listed on

² Exhibit RLF-1 filed by BellSouth as an exhibit to Mr. Frame's testimony is a duplicate of Attachment III.

1 similar supporting schedules filed in support of the other CSAs.
2 Instead, I have compared the rates for some of the more familiar
3 services.

4 As shown in this table, the price demanded, charged, and
5 collected from a customer, who purchases one party business line
6 (USOC³ 1FB) service at the tariffed rate in a Group 5 exchange is
7 \$39.70 per month. (Group 5 Exchanges are those exchanges, which
8 have 300,001 -500,000 lines, see BST TN Tariff Section A 3.2.1
9 Eighth Revised Page 1.1) Bell collects \$34.54⁴ per month for this
10 service from the customer billed in accordance with CSA TN98-2766-
11 00. This is a \$5.16 difference. The customer served under KY98-
12 4598-00 is charged \$35.53 ¹ and the customers served under CSAs
13 TN96-7961-02, TN97-1641-00, and TN97-5138-00 are charged
14 \$37.72, \$34.94, and \$31.87 respectively, for this same one party
15 business line service. This evidence shows an unjust difference in
16 rates for exactly the same service.

³ USOC (Universal Service Ordering Code)

⁴ This is the rate at the maximum discount level provided under the contract.

1 **Q. Are their similar disparities between the rates charged customers**
2 **served under Bell's General Subscriber Service Tariff and those**
3 **served under these CSAs for other services?**

4 A. Yes. The charges for single business lines in rate group 3 & 4
5 exchanges are compared as are the charges for MegaLink ® ISDN,
6 MegaLink ®Channel Service, and DID service. In each instance, the
7 customers, who are billed the General Subscriber Service Tariff Rates
8 pay more than those billed under the CSAs.

9
10 **Q. Are the same amounts billed for these services under the various**
11 **CSAs?**

12 A. No. The discounts provided under the CSAs vary. Therefore,
13 the amount charged for the same services are different under the
14 various CSAs.

15

16

17

18

19

1	Service	USOC	Tariff Rate	Rate CSA TN98-2766-00 ⁵	Rate CSA KY98-4958-00 ¹	Rate CSA TN96-7961-02	Rate CSA TN96-7973-01	Rate CSA TN97-1641-00	Rate CSA TN97-5138-00 ¹
2	Flat Rate Business Line	1 FB Group 5	\$39.70	\$34.54	\$35.33	\$37.72		\$34.94 ⁶	\$31.87 ⁷
3									
4	Flat Rate Business Line	1 FB Group 4	\$39.05	\$33.97	\$34.75				
5									
6	Flat Rate Business Line	1 FB Group 3	\$32.75	\$28.49	\$29.15		\$31.44 ⁸		
7									
8	Megalink ISDN	PRFS1 (3yr. commit.)	\$260.00	\$217.50 ⁹		\$247.00	\$240.00		
9									
10	Megalink Channel Service	VUM 24 (3 yr. commit.)	\$189.00	\$182.70 ¹⁰	\$168.21				\$165.38
11									
12	DID/AIOD	NDT	\$20.00 ¹¹	\$17.40	\$17.80	\$19.00	\$19.20	\$17.60	\$17.56

⁵ Prices based on the maximum discount provided under the CSA.

⁶ Tariff Rate Group 1 \$39.70 X 88%=\$34.94 (100%-12%=88%)

⁷ Discounted rate per workpapers filed with the TRA Staff in support of CSA.

⁸ Clarksville is a Class 3 rate schedule wire center. The business rate for a class 3 wire center is \$32.75 (BellSouth Tariff Eighth revised page 1.1 Tariff Section A3.2.1, and Fifteenth revised page 20, Tariff Section A3.7.1.) Discount is 4%. \$32.75 X 96%=\$31.44.

⁹ The Tariff rates for MegaLink®ISDN service are \$360/ month, Month to Month, \$260/ month with a contract commitment 24 - 48 months, \$250/ month with a contract commitment 49-72 months, \$240 / month with a contract commitment 73 - 96 months. (BellSouth Tariff Section B7.5.6 First Revised Page 37.4)While each of these contracts are for 3 years the discount for MegaLink ®ISDN service under CSA TN98-2766-00 appears to have been computed on Attachment III assuming a \$250 / month rate indicating a commitment of at least 49 months. It appears that the discounted rate for TN96-7961-02 was computed based on the \$260/month for a 3 yr commitment. The discounted rate for TN96-7973-01 again appears to have been computed assuming that the \$250/month rate for a 49 to 72 month commitment was used. \$250 discounted 4% is \$240.

¹⁰ The Tariff rates for MegaLink® Channel Service are \$210/month, Month to Month, \$189/ month with a contract commitment 24 - 48 months, \$171/ month with a contract commitment 49-72 months, \$154/ month with a contract commitment 73 - 96 months. (BellSouth Tariff Section B7.3.4 First Revised Page 19)Each of these contracts are for 3 years. Therefore it would appear that the discounts would have been computed based on the \$189 tariffed rates. The discounted rate for CSA TN98-2766-00 would be \$164.43 (13% discount) instead of the discounted rate of \$182.70 based on the Month to Month rate of \$210. The result is an actual discount is only 3.4%. (182.70/189=96.6%) [Four MegaLink® Channel were discounted to \$164.43, apparently based on a 3 yr contract commitment.]

The discounted rate for KY98-4958-00 was computed correctly using the \$189 rate for a 24-48 month contract. \$189 discounted at 11% is \$168.21.

¹¹ BellSouth Tariff Section A12.7.2 Eighth Revised Page 2.

1 **Q. Is the customer billed under CSA TN98-2766-00 provided any**
2 **additional discounts from that specified in the CSA?**

3 A. Yes. For example, Bell's Tariff Section B7.5.6 First Revised
4 Page 37.4 provides that the monthly rate for MegaLink® ISDN service
5 is \$360. If the subscriber commits to take the service for a period of
6 24 to 48 months, the rate is discounted to \$260. (A 27.7% discount.)
7 If the customer commits to take the service for a period of 49 to 72
8 months, the rate is reduced to \$250 and to \$240 with a commitment of
9 from 73 to 96 months. From the price-out filed by Bell with the
10 Authority in support of this CSA, it is apparent that the customer is
11 being given a discount for committing to purchase MegaLink®ISDN
12 for at least four years. The discounted rate shown on Attachment III
13 filed in support of the CSA is \$217.50 per month, which is a 13%
14 discount off of the \$250 tariffed rate charged to a customer that signed
15 a 49 to 72 month commitment. It appears that the service billed in
16 accordance with CSA TN98-2766-00 is receiving a 30.55% discount
17 for committing to continue to purchase the service as provided in the
18 tariff and an additional 10%-13% discount¹² under the CSA for a total
19 discount of 37.5% to 39.6%¹³.

¹² The 13% discount assumes the customer billing reaches the maximum discount level provided under the CSA. The discount at the contract level is 10%.

¹³ At 10% discount level under the CSA the rates would be \$225. ($\$250 \times 90\% = \225) [$\$225/\$360 = 62.5\%$, $1 - 62.5\% = 37.5\%$] At 13% discount level under the CSA the rate would be

1 The customers billed under the provisions of CSAs KY98-4958-
2 00, CSA TN96-7961-02, CSA TN97-5138-00, and CSA TN96-7973-
3 01 appear to have also received discounts in accordance with the
4 provision of the Tariffs in addition to the discounts provided in the
5 CSA.

6
7 **Q. Do the tariffs also provide for termination penalties?**

8 A. Yes. The tariffs do have termination provisions. In some
9 instances, when the customer is provided a discount for committing to
10 purchase service over an extended period of time. For example, Bell's
11 Tariff Section B7.5.4 E provides that:

12 A Termination Liability Charge is
13 applicable at the date of termination. The
14 applicable charge is dependent on the
15 contract period subscribed to and will be
16 equal to the number of months remaining in
17 the contract times the monthly rate
18 provided under the contract.

19
20 Similar provisions are included in other tariff sections, where a
21 discounted rate is provided in exchange for customer's commitment to
22 purchase service over an extended period of time.

23
24 **Q. In the event that the customer being billed under the CSA**

\$217.50 (\$250 X 87%=\$217.50) [\$217.50/\$360=60.4%, 1-60.4%=39.6%]

1 **transfers the service to a competitor of Bell, which termination**
2 **penalty would apply?**

3 A. Both penalties would apply. Section IX paragraph C of CSA
4 TN98-2766-00 and the first sentence of Section IX paragraph B of
5 CSA KY98-4958-00 provides the following:

6 The application of termination
7 charges pursuant to this Section shall
8 not affect the application of the
9 termination charges pursuant to the
10 tariff or any other agreement.
11

12 **Q. Mr. Frame, testifying on behalf of Bell, contends that the CSA**
13 **does not modify the tariffed rates:**

14 **Q. WHAT RATE OR PRICE DOES**
15 **BELLSOUTH CHARGE THIS**
16 **C U S T O M E R F O R**
17 **TELECOMMUNICATIONS**
18 **SERVICES?**

19 A. The rates charged to the customer
20 are those specified in the
21 appropriate tariffs and available
22 to any customer ordering the same
23 services. This CSA does not
24 modify those tariffed rates in any
25 way, but rather provides discounts
26 based on billed revenue from the
27 eligible services identified in the
28 contract. (See Frame Direct
29 Testimony, Page 7, Lines 12-17.)
30
31

32 **Is this statement consistent with the documents that BellSouth has**
33 **filed in support of its CSAs?**

1 A. No. In support of its CSAs, Bell had filed documents that
2 provide the same information as Frame Exhibit RLF-1, which
3 identifies each service subject to the CSA and for **each** such service
4 identifies the following:

- 5 1. The USOC
- 6 2. Service Description
- 7 3. Quantity
- 8 4. **Discounted Rate**
- 9 5. Annual Revenue
- 10 6. Unit Cost
- 11 7. Annual Cost
- 12 8. Annual Contribution
- 13 9. Percent Contribution
- 14 (Emphasis Added.)
- 15

16 **Q. You state that this document identifies the discounted rates for the**
17 **individual service provided under the CSA. Are the tariffed rates**
18 **for the individual service stated on the document?**

19 A. No. The tariffed rates for the services are not identified. The
20 only rates are the individual discounted rates. This document
21 identifies each individual service being discounted, and the discounted
22 rate to be billed under the CSA for each specific service.

23
24 **Q. Does the Frame Exhibit RLF-1 identify CSA rates for one party**
25 **business service in a Group 5 exchange than that charged for a**
26 **Group 4 exchange?**

A. Yes. On page 3 of Exhibit RLF-1 four rates are identified for Flat Rate Business line: \$34.54, \$33.97, \$28.49, \$26.80 and \$23.93.

Q. Are these the tariffed rates for a Flat Rate Business line in the various exchange groups?

A. No. These are the discounted rates. The tariffed rates for a 1 party business lines for group 5, group 4, group 3, group 2, and group 1 exchanges, are \$39.70, \$39.05, \$32.75, \$30.80, and \$27.05, respectively. The tariff rates and the rates discounted at 13% as shown on Mr. Frame's Exhibit RLF-1 are presented in comparative format in the following table.

Service	Tariffed Rate ¹⁴	Tariffed Rate Discounted 13%
1 FB Group5 exchange	\$39.70	\$34.54
1 FB Group4 exchange	\$39.05	\$33.97
1 FB Group3 exchange	\$32.75	\$28.49
1 FB Group2 exchange	\$30.80	\$26.80
1 FB Group1 exchange	\$27.05	\$23.53

The filing of the exhibit that compares the revenue from the individual services after a discount with the cost of providing the individual services is

¹⁴ BellSouth Tariff Section A3.2.1, Eighth Revised Page 1.1.

1 not consistent with Mr. Frames position that the individual service rates are
2 not discounted.

3

4 **Q. Are Bell's CSAs evidence of anti-competitive behavior?**

5 A. Yes. Bell's CSAs are evidence of anti-competitive behavior.

6 Tenn. Code Ann §65-5-208. Classification of services - Exempt
7 services - Price floor - Maximum rates for non-basic services states the
8 following:

9 (c) Effective January 1, 1996, an
10 incumbent local exchange telephone
11 company shall adhere to a price floor
12 for its competitive services subject to
13 such determination as the authority
14 shall make pursuant to § 65-5-207.
15 The price floor shall equal the
16 incumbent local exchange telephone
17 company's tariffed rates for essential
18 elements utilized by competing
19 telecommunications service
20 providers plus the total long-run
21 incremental cost of the competitive
22 elements of the service. When shown
23 to be in the public interest, the
24 authority shall exempt a service or
25 group of services provided by an
26 incumbent local exchange telephone
27 company from the requirement of the
28 price floor. **The authority shall, as
29 appropriate, also adopt other rules
30 or issue orders to prohibit
31 cross-subsidization, preferences to
32 competitive services or affiliated
33 entities, predatory pricing, price
34 squeezing, price discrimination,
35 tying arrangements or other
36 anti-competitive practices.**

(Emphasis added.)

Q. Do the prices for services provided under the CSAs reflect price discrimination?

A. The economic definition of price discrimination is defined as, "the practice of selling the same product at two or more prices where the price differences do not reflect cost differences."¹⁵ The price of service provided to the customers subject to the CSAs is different from the price of the service when provided under tariff rates. In addition, the same services provided under different CSAs are at different prices.

Bell does not contend that the cost of providing the service differs. In fact, the documents that Bell has filed in support of the CSAs, which identifies the cost of the various services, is the same as the cost used to support the tariffed rates. (See Attachment III to the various CSAs and Bell's Exhibit RLF-1 filed with Mr. Frame's testimony.) While the rates are different, the costs of providing the service are the same. Bell is selling the same product at two or more prices, where the price differences do not reflect cost differences. By definition, the rates are discriminatory.

¹⁵ Kaserman, David L. and Mayo, John W., *The Economics of Antitrust and Regulation*, Orlando: The Dryden Press, 1995.

1 **Q. Are there tying arrangements included within the CSAs?**

2 A. While there is no specific wording in the CSA state there are
3 tying arrangements, Mr. Frame has entered testimony that; “....the
4 discount on billed revenue is determined by the specific mix for each
5 customer . . . ” (Frame Direct Testimony, Page 14, Lines 13-14.) The
6 discounts are therefore apparently specifically tied to the combination
7 of services purchased by the customer. This would indicate, that in
8 order to obtain a discount on one service, a customer may have to
9 purchase another specific service or a specific group of other services.

10

11 **Q. Do the CSA’s include other anti-competitive practices?**

12 A. Yes. As Dr. Brown will provide in more detail, the CSAs
13 provide that Bell will react to the same economic event differently
14 based on the underlying cause of the event. If the event is caused by a
15 competitor, Bell’s actions will be different from its actions if the event
16 has other causes. For example, in Paragraph X of CSA TN98-2766-
17 00, the following language is found:

18 In the event of a Business Change as
19 defined herein which significantly
20 reduces the volume of network
21 services required by____, and those
22 subsidiaries listed in Appendix III,
23 with the result that ____ is unable
24 to meet its Minimum Annual
25 Revenue Base under this Agreement
26 (notwithstanding ____ best efforts
27 to avoid such a shortfall), BellSouth

1 and _____ shall cooperate in efforts
2 to develop a mutually agreeable
3 alternative that will **reduce** _____
4 **liability** under the Minimum Annual
5 Revenue Base, the Annual Revenue
6 Base and the Discount levels which
7 satisfies the concerns of both parties
8 and complies with all applicable
9 legal and regulatory requirements.
10 Such alternative will reduce the
11 Customer's Annual Revenue Base,
12 Minimum Annual Revenue Base and
13 the corresponding Discount levels to
14 the extent of any shortfall resulting
15 from a Business Change as defined
16 herein. **This provision shall not**
17 **apply to a change resulting from a**
18 **decision by _____ to transfer**
19 **portions of its traffic or projected**
20 **growth to providers other than**
21 **BellSouth.** (Emphasis added.)
22

23 Similar language is found in CSA KY98-4958-00.
24

25 **Q. How does this language indicate that Bell will react differently to**
26 **the same economic event dependent on the underlying cause?**

27 A. As stated in the previously quoted paragraph, Bell will work
28 with the customer and will reduce or adjust the minimum annual
29 revenue base and the related discount level if the decline is the result
30 of a business change. However, if the decline in demand is caused by
31 the customer electing to transfer part of its telecommunications
32 operations to a competitor of Bell, no such reduction will be made.
33 From Bell's perspective the end result of a decline in the level of

1 service purchased by the customer is the same. Bell will receive less
2 revenue. In accordance with the provision in the CSAs, Bell's actions
3 in response to such a decline will be different depending upon the
4 cause in the revenue decline and will be punitive toward the customer
5 if the decline is caused by a competitor. Dr. Brown will provide a
6 more thorough discussion on this matter.

7
8 **Q. In his testimony Mr. Frame states:**

9
10 **Although I am not a lawyer, the**
11 **discount on billed revenue is**
12 **determined by specific service mix**
13 **for each customer as described**
14 **above. Because these customers**
15 **have a different product mix, they**
16 **are not similarly situated such that**
17 **BellSouth can lawfully offer the**
18 **customer different discounts and**
19 **revenue commitments. (See Frame**
20 **Direct Testimony, Page 14, Lines**
21 **13-16.)**
22

23 **Do you agree with his conclusion that because two customers**
24 **subscribe to different groups of services they are not similarly**
25 **situated?**

26 **A.** No. If you accept his definition of similarly situated, the idea of
27 uniform tariffed rates for business services is useless. Using his
28 argument as justification, Bell could charge a business customer, who
29 subscribes to only a single business line, more for that line than it
30 would charge the customer's business neighbor for a single business

1 line, who also purchases a call forwarding. Since the customers would
2 have a different product mix, Mr. Frame's definition would allow Bell
3 to find that the two business customers would not be similarly situated.

4 Additionally, if a business customer had an office with three
5 business lines with caller ID on each line and another customer
6 occupying an adjacent office in the same building has four business
7 lines and call waiting on each line, Mr. Frame's definition would find
8 these customers are not similarly situated.

9 If adopted, Mr. Frame's definition of similarly situated could
10 virtually result in each customer being placed in a separate one
11 customer class.

12
13 **Q. Is there some relationship between the mix of services being**
14 **provided and the amount of discounts provided under the**
15 **individual CSAs?**

16 A. The revenue contribution is largely a matter of the mix of
17 services being provided. Using the revenue and cost data filed as
18 Bell's Exhibit RLF-1 and the corresponding schedules filed with other
19 CSAs, I have compared the discounts awarded with the weighted per
20 cent contribution before and after the discount for various CSAs. The
21 results as shown on Exhibit RTB-4 do not reflect a consistent pattern.
22 It does appear that the customers, whose mix of services produces the

1 lesser contributions before discounts, are the customers who are also
2 receiving the larger discounts. For example, the services discounted
3 under TN98-2766-00 produce a contribution of 127% before the rates
4 were discounted by 13%. Similarly, the services for CSA KY98-4958-
5 00 resulted in a contribution of 137% before the discounts of 11%-
6 13%. In contrast, the contributions from the services being
7 discounted under CSA TN97-7973-01 produce a contribution of 999%
8 before the 4% discount, while the services under CSA TN97-7961-01
9 produce a contribution of 540% before the 5% discount.

10
11 **Q. Did you compute the “contribution” consistent with the**
12 **computation on Bell’s Exhibit RLF-1?**

13 A. Yes.

14
15 **Q. Are any of the services discounted under the CSA TN98-2766-00**
16 **and CSA KY98-4958-00 being discounted below the cost of**
17 **providing the service as identified by Bell?**

18 A. Yes. On Bell Exhibit RLF-1, there are 80 instances of service
19 being discounted below the cost as identified by Bell for CSA TN98-
20 2766-00 and 15 instances of service being discounted below cost under
21 CSA KY98-4958-00. The USOCs and the resulting negative
22 contributions are presented on Exhibit RTB-5. The service

1 descriptions, quantities, and cost of these are presented on Bell Exhibit
2 RLF-1.

3

4 **Q. Does this conclude your testimony?**

5 A. Yes, it does.

6

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BEFORE THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE: PROCEEDING FOR THE)
PURPOSE OF ADDRESSING)
COMPETITIVE EFFECTS OF CONTRACT) DOCKET NO. 98-00559
SERVICE ARRANGEMENTS FILED BY)
BELLSOUTH TELECOMMUNICATIONS,)
INC. IN TENNESSEE.)
)

AFFIDAVIT

I, Robert T. Buckner, Senior Regulatory Analyst, for the Consumer Advocate Division of the Attorney General's Office, hereby certify that the attached Rebuttal Testimony represents my opinion in the above referenced case and the opinion of the Consumer Advocate Division.



Sworn to and subscribed before me
this 30th day of July, 1999.


NOTARY PUBLIC

My commission expires on: Jan. 25, 2003

Before the

TENNESSEE REGULATORY AUTHORITY

IN RE: PROCEEDING FOR THE PURPOSE OF ADDRESSING COMPETITIVE EFFECTS
OF CONTRACT SERVICE ARRANGEMENTS FILED BY BELL SOUTH
TELECOMMUNICATIONS, INC. IN TENNESSEE.
DOCKET NO. 98-00559

EXHIBITS
of
ROBERT T. BUCKNER

July 30, 1999

Robert T. Buckner (Terry)

Senior Regulatory Analyst

Office of the Attorney General for the State of Tennessee

Consumer Advocate Division

Additional Education Background:

Micro-Computer Training, **University of Wisconsin, Madison**

Cost Separations School, **United States Telephone Association, San Diego**

Rate Case School, **Arthur Andersen LLP, Chicago**

Telecommunications Conference, **University of Georgia, Athens**

NARUC Conference, **Michigan State University, Lansing**

Management Training Seminar, **Vanderbilt University**

Interstate Access Settlements, **National Exchange Carrier Association**

SEARUC Conferences, **Birmingham, AL. and Charleston, S.C.**

Telephone Plant Accounting Program, **Ernst and Young LLP, Atlanta**

REC'D TN
REGULATORY AUTH.
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BEFORE THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE
OFFICE OF THE
EXECUTIVE SECRETARY

IN RE: TARIFF FILINGS BY)
BELLSOUTH TELECOMMUNICATIONS,) DOCKET NO. 97-01105
INC., TO OFFER CONTRACT SERVICE)
ARRANGEMENTS (TARIFFS 97-134, 97-)
135, 97-136, 97-137, 97-138, 97-144, 97-)
145, 97-146, 97-148, 97-149, 97-152, 97-)
153, 97-154, 97-163, 97-164, 97-167, 97-)
169, 97-170, 97-171, 97-172, 97-173, 97-)
174, 97-186)

CONSUMER ADVOCATE DIVISION'S COMMENTS ON BELLSOUTH'S CONTRACT SERVICE ARRANGEMENTS

Pursuant to a request in the Consumer Advocate Divisions' Complaint or Petition in Docket No. 97-01105, the Tennessee Regulatory Authority ("TRA") granted the Consumer Advocate Division the right to gather information on various Contract Service Arrangements ("CSAs") filed by BellSouth (or "Bell") with the TRA. In a letter dated June 18, 1998, the TRA has requested that the Consumer Advocate Division "comment to the Authority on the specific findings from the information gathered in discovery" in Docket No. 97-01105. The Consumer Advocate Division is pleased to make its findings available, but does so without waiving any attorney-client, work-product or statutory privileges (including Tenn. Code Ann. § 10-7-504, regarding "Confidential Records") resulting from its discovery efforts.

The Consumer Advocate Division would state that there is sufficient cause to move forward with a contested case against BellSouth regarding the CSAs it has reviewed and, by implication, other similar CSAs, based on the following findings:

1. This docket contains only a small portion (22) of the CSAs filed with the TRA. As of this date, there are over 200 CSAs that have been filed with the TRA and it seems likely that there will be additional CSAs filed in the future. Enclosed are summary sheets of the CSAs contained in this docket. Of the nearly 600 USOCs¹ contained in the 22 CSAs, three percent were below the cost² as filed to support the original tariffs. An individual USOC priced below the floor price would appear to violate Tenn. Code Ann. § 65-5-208(c), which sets a “price floor” which “shall equal the incumbent local telephone company’s tariffed rates” However, all the CSAs reviewed to date exceeded cost in their entirety; even so, this requirement of the “price floor” in § 65-5-208 should be borne in mind in reviewing subsequent CSAs.

The attached summary sheets compare the discounted rates in the CSAs with the corresponding rates for the services included in Bell’s approved tariffs. For example, the discounts contained in the CSAs for Touchtone and Area Plus services are compared on the second and third worksheets. The monthly tariffed rate for Area Plus ranges from \$22.91 to \$26.79 per month while Bell has used an average cost of \$20.49 throughout the state. The CSAs provide discounts that range from 4% to 8%. As illustrated, the charge for the service after considering the discount exceeds the cost.

A similar comparison for Touchtone shows that the charge for the service is \$3.00 per month while Bell’s cost studies assign no cost to the service. The discounts offered range from 4% to 10%. In the reviewed CSAs, there seems to be no correlation between volumes and the

¹Universal Service Ordering Codes (USOC). Each service offered by a BellSouth company is identified by a specific USOC.

²Cost as used in this memo refers to cost studies prepared by BellSouth. We have not reviewed these cost studies and do not express an opinion on the validity of the results.

range of discounts provided. This absence of correlation suggests discrimination among customers in violation of Tenn. Code Ann. §§ 65-4-115 (Unjust practices and unsafe services prohibited); and 65-4-122 (Discriminatory charges--Reasonableness of rates--Unreasonable preferences).

2. The CSAs are long-term (two years to five years) and include total discounts primarily from 4% to 10% for a variety of services. During the review by the Consumer Advocate Division, a member of the Division was told that Bell has systematically reviewed their billing records to identify high volume users in a pro-active effort to obtain service commitments from high volume business and government users to protect this revenue stream for future years. To the extent that this analysis uses a review of numbers or locations called by a customer, it may infringe on that customer's privacy rights (Tenn. Code Ann. § 65-21-108 protects the privacy of all telephone messages). Even if there is no violation of a customer's privacy rights, the practice provides Bell with an anti-competitive advantage over other telecommunications service providers contrary to Tenn. Code Ann. § 65-4-123 ("The general assembly declares that the policy of this state is to foster the development of an efficient, technologically advanced, statewide system of telecommunications services by permitting competition in all telecommunications services markets) (emphasis added).

3. The Consumer Advocate Division further believes that none of the CSAs filed with the TRA were negotiated based upon new cost studies, but were negotiated strictly to gain a long-term revenue commitment from the customers. Bell did not attempt to support volume discounts based on economies of scale. Bell did not produce any studies that show the discounts offered these customers are justified. In fact, cost does not appear to be a determinant in their

negotiation.

4. Moreover, the contracts are similar to the one included in the proposed show-cause order, TRA Docket No. 97-07506, against Citizens-Tennessee ("Citizens"). Citizens is not charging Tennessee Tech University ("University") tariffed rates, but discounted rates. There is, however, no written contract filed with the TRA between Citizens and the University.

5. The special contracts are not consistent with existing rules. According to the Tennessee Administrative Rule 1220-4-1.07 for Special Contracts, "Special Contracts between public utilities and certain customers prescribing and providing rates, services and practices **not covered by or permitted in the general tariffs**, schedules or rules filed by such utilities are subject to supervision, regulation and control by the Commission." (Emphasis added.) These CSAs are not for services that are unusual in nature, but are services found in the general tariffs of Bell. As a result, it appears that these CSAs violate the rule.

6. Further, Tenn. Code Ann. § 65-4-155 states, "No public utility shall adopt, maintain, or enforce any regulation, practice or measurement which is **unjust, unreasonable, unduly preferential or discriminatory** . . . (Emphasis added.) While Bell would maintain that CSAs are available to all their similarly situated business customers, the Consumer Advocate Division has seen nothing that would indicate that Bell has offered contracted discount services to every customer, business or residential. Bell does not make the data needed by a customer to determine the conditions that must be met in order to be considered "similarly situated" publicly available.

7. While Bell has supposedly offered these CSAs only to customers that have competitive alternatives, competitive local carriers are not actively serving areas where all of the

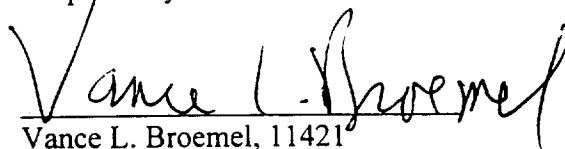
customers served by CSAs are located.

8. It is also noteworthy that two of the CSAs examined (No. 97-163 and No. 97-164) contained requirements that the customer must notify Bell of a competing alternative carrier's service proposal. These two contracts also give Bell the opportunity to offer rates which are equal to the alternative carrier's proposal.

In conclusion, the CSAs appear to result from discriminatory, anti-competitive or otherwise unlawful practices. Bell is protecting their revenue stream from potential competitors in the business local service market. Implementation of CSAs as written will impair competition in the business local service market for the near future in Tennessee. We recommend a contested case covering the CSAs in this docket, with an amendment which would bring all other BellSouth CSAs into this case. In the interest of administrative economy, however, we note that the agency on July 7, 1998 voted to initiate a docket to address the anti-competitive effects of CSAs. Accordingly, instead of two dockets which overlap we recommend consolidating this docket and its parties in the new docket and then closing this docket.

Dated this 22 day of July, 1998.

Respectfully Submitted,

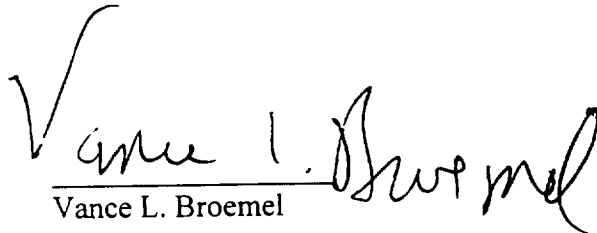


Vance L. Broemel, 11421
Assistant Attorney General
Office of the Attorney General
Consumer Advocate Division
Cordell Hull Building, 2nd Floor
425 Fifth Avenue North
Nashville, Tennessee 37243-0500

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Comments on BellSouth's CSAs was served on the parties listed below by mail on this the 22 day of July, 1998.

Mr. Guy Hicks, Esq..
BellSouth Telecommunication, Inc.
Suite 2101
333 Commerce Street
Nashville, Tennessee 37201-3300


Vance L. Broemel

PROPRIETARY

ANALYSIS OF BELL SOUTH CONTRACT SERVICE ARRANGEMENTS
 TRA DOCKET #97-01105
 SUMMARY

<u>CUSTOMER - TARIFF - CSA</u>	<u>LENGTH OF CONTRACT</u>	<u>OVERALL PERCENT DISCOUNT</u>
KNOXVILLE TVA CREDIT UNION - #97-134 - TN97-0065-00	36 MONTHS	6.50%
STEWART B. IRBY COMPANY - #97-135 - TN96-8163-00	36 MONTHS	5.00%
ALLSTATE INSURANCE COMPANY - #97-136 - TN97-0647-00	36 MONTHS	5.50%
VOLUNTEER STATE COMMUNITY COLLEGE - #97-146 - TN96-7967-03	36 MONTHS	5.00%
MOTLOW STATE COMMUNITY COLLEGE - #97-145 - TN96-7970-02	36 MONTHS	4.00%
AUSTIN PEAY STATE UNIVERSITY - #97-144 - TN96-7973-01	36 MONTHS	4.00%
MIDDLE TENNESSEE STATE UNIVERSITY - #97-148 - TN96-7961-02	36 MONTHS	5.00%
BANK OF MISSISSIPPI - #97-153 - TN97-0076-00	36 MONTHS	7.00%
SUNTRUST BANK - #97-152 - TN97-0386-00	36 MONTHS	8.00%
HEWLETT PACKARD - #97-154 - TN97-1431-00	24 MONTHS	5.00%
BRUNO'S - #97-164 - TN97-2272-00	36 MONTHS	10.00%
DELTA AIRLINES - #97-163 - TN97-0120-00	24 MONTHS	6.00%
VANSTAR CORPORATION - #97-167 - TN96-7719-00	36 MONTHS	6.00%
GENESCO - #97-169 - TN97-0741-00	36 MONTHS	6.00%
GIBSON GUITARS - #97-170 - TN97-0178-00	36 MONTHS	5.50%
O'CHARLEY'S - #97-171 - TN96-7795-00	36 MONTHS	5.50%
HENDRICK AUTOMOTIVE GROUP - #97-172 - TN97-0185-01	36 MONTHS	6.00%
PAPA JOHN'S - #97-173 - TN96-7933-01	36 MONTHS	7.00%
STATE OF TENNESSEE - #97-186 - TN97-1981-01	24 MONTHS	
BRUNO'S - #97-164 - TN97-2272-00	36 MONTHS	10.00%
MIDTOWN MENTAL HEALTH - #97-137 - TN96-7911-00	60 MONTHS	31.96%
GRIDNET INTERNATIONAL - #97-138 - TN97-0638-00	36 MONTHS	7.00%
WILLIAM MORRIS AGENCY - #97-174 - TN97-0237-00	36 MONTHS	5.25%

* WAIVER OF NON-RECURRING CHARGES ONLY

PROPRIETARY

ANALYSIS OF BELLSOUTH CONTRACT SERVICE ARRANGEMENTS

TRA DOCKET #97-01105

USOCS: TACCS, TAKC1, AREAPLUS

USOC	CUSTOMER - TARIFF - CSA	PER UNIT CSA MONTHLY RATE	PER UNIT TARIFF MONTHLY RATE	PERCENT DISCOUNT	PER UNIT COST	CSA ABOVE (BELOW) COST
TACCS	KNOXVILLE TVA CREDIT UNION - #97-134 - TN97-0065-00	\$ 22.91	\$ 24.50	6.50%	\$ 20.49	\$ 2.42
TAKC1	STEWART B. IRBY COMPANY - #97-135 - TN96-8163-00	26.44	27.83	5.00%	20.49	5.95
TAKC1	ALLSTATE INSURANCE COMPANY - #97-136 - TN97-0647-00	26.55	28.10	5.50%	20.49	6.06
113	VOLUNTEER STATE COMMUNITY COLLEGE - #97-146 - TN96-7967-03	26.13	27.50	4.98%	20.49	5.64
113	MOTLOW STATE COMMUNITY COLLEGE - #97-145 - TN96-7970-02	23.52	24.50	4.00%	20.49	3.03
113	AUSTIN PEAY STATE UNIVERSITY - #97-144 - TN96-7973-01	23.52	24.50	4.00%	20.49	3.03
TAKC1	BANK OF MISSISSIPPI - #97-153 - TN97-0076-00	25.71	27.64	7.00%	20.49	5.22
TAKC1	SUNTRUST BANK - #97-152 - TN97-0386-00	26.22	28.50	8.00%	20.49	5.73
TAKC1	HEWLETT PACKARD - #97-154 - TN97-1431-00	26.79	28.50	6.00%	20.49	6.30
113	VANSTAR CORPORATION - #97-167 - TN96-7719-00	25.99	27.50	5.50%	20.49	5.50
TAKC1	GENESCO - #97-169 - TN97-0741-00	26.79	28.50	6.00%	20.49	6.30
113	GIBSON GUITARS - #97-170 - TN97-0178-00	25.99	27.50	5.50%	20.49	5.50
113	CHARLEY S - #97-171 - TN96-7795-00	25.99	27.50	5.50%	20.49	5.50
TAKC1	HENDRICK AUTOMOTIVE GROUP - #97-172 - TN97-0185-01	26.79	28.50	6.00%	20.49	6.30
TAKC1	PAPA JOHN'S - #97-173 - TN96-7933-01	26.37	28.36	7.00%	20.49	5.88

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PROPRIETARY

ANALYSIS OF BELL SOUTH CONTRACT SERVICE ARRANGEMENTS

TRA DOCKET #97-01105

USOC: TTB - TOUCHSTONE

USOC	CUSTOMER - TARIFF - CSA	PER UNIT CSA MONTHLY RATE	PER UNIT TARIFF MONTHLY RATE	PERCENT DISCOUNT	PER UNIT COST	CSA ABOVE (BELOW) COST
TTB	KNOXVILLE TVA CREDIT UNION - #97-134 - TN97-0065-00	\$ 2.81	\$ 3.00	6.49%	\$ -	\$ 2.81
TTB	STEWART B. IRBY COMPANY - #97-135 - TN96-8163-00	2.85	3.00	5.00%	-	2.85
TTB	ALLSTATE INSURANCE COMPANY - #97-136 - TN97-0647-00	2.84	3.00	5.50%	-	2.84
TTB	VOLUNTEER STATE COMMUNITY COLLEGE - #97-146 - TN96-7967-03	2.85	3.00	5.00%	-	2.85
TTB	MOTLOW STATE COMMUNITY COLLEGE - #97-145 - TN96-7970-02	2.88	3.00	4.00%	-	2.88
TTB	AUSTIN PEAY STATE UNIVERSITY - #97-144 - TN96-7973-01	2.88	3.00	4.00%	-	2.88
TTB	MIDDLE TENNESSEE STATE UNIVERSITY - #97-148 - TN96-7961-02	2.85	3.00	5.00%	-	2.85
TTB	BANK OF MISSISSIPPI - #97-153 - TN97-0076-00	2.79	3.00	7.00%	-	2.79
TTB	SUNTRUST BANK - #97-152 - TN97-0386-00	2.76	3.00	8.00%	-	2.76
TTB	HEWLETT PACKARD - #97-154 - TN97-1431-00	2.82	3.00	6.00%	-	2.82
TTB	BRUNO'S - #97-164 - TN97-2272-00	2.70	3.00	10.00%	-	2.70
TTB	DELTA AIRLINES - #97-163 - TN97-0120-00	2.82	3.00	6.00%	-	2.82
TTB	VANSTAR CORPORATION - #97-167 - TN96-7719-00	2.84	3.00	5.50%	-	2.84
TTB	GENESCO - #97-169 - TN97-0741-00	2.82	3.00	6.00%	-	2.82
TTB	GIBSON GUITARS - #97-170 - TN97-0178-00	2.84	3.00	5.50%	-	2.84
TTB	O'CHARLEY'S - #97-171 - TN96-7795-00	2.84	3.00	5.50%	-	2.84
TTB	HENDRICK AUTOMOTIVE GROUP - #97-172 - TN97-0185-01	2.82	3.00	6.00%	-	2.82
TTB	PAPA JOHN'S - #97-173 - TN96-7933-01	2.79	3.00	7.00%	-	2.79

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PROPRIETARY

PROPRIETARY

CUSTOMER: STATE OF TENNESSEE
TARIFF: #97-186
CSA: TN97-1981-01

<u>USOC</u>	<u>DESCRIPTION</u>	<u>CSA MONTHLY</u> <u>RATE</u>	<u>TARIFF</u> <u>MONTHLY RATE</u>	<u>PERCENT</u> <u>DISCOUNT</u>	<u>UNIT</u> <u>COST</u>	<u>CSA</u> <u>ABOVE</u> <u>(BELOW)</u> <u>COST</u>
CSN1X	CUST CONNECTION 1.536 MB	\$ 369.00	\$ 369.00	0.00%		\$ 369.00
FP115	BBEL 1.536 MBPS	146.00	146.00	0.00%		146.00
FPC15	BBEL EXTENSION 1.536 MBPS < 20 M	125.00	125.00	0.00%		125.00
FPD15	BBEL EXTENSION 1.536 MBPS < 20-50 M	215.00	215.00	0.00%		215.00
TOTAL		\$ 855.00	\$ 855.00	0.00%	\$ -	\$ 855.00

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PROPRIETARY

PROPRIETARY

CUSTOMER: WILLIAM MORRIS AGENCY
TARIFF: #97-174
CSA: TN97-0237-00

USOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
TJB	TOUCHTONE	\$ 2.84	\$ 3.00	5.24%	\$ -	\$ 2.84
HTGTR	ROTARY HUNT	19.55	20.63	5.25%	0.10	19.45
LTBLB	ISDN INDIVIDUAL LINE	52.11	55.00	5.25%	50.24	1.87
LPSMX	ISDN INDIVIDUAL LINE	6.16	6.50	5.23%	0.05	6.11
PRFAS	MEGALINK ISDN	14.21	15.00	5.24%	2.92	11.29
1LDNE	MEGALINK ISDN	100.44	106.00	5.25%	94.52	5.92
PRFS1	MEGALINK ISDN	341.10	360.00	5.25%	131.31	209.79
PRFC1	MEGALINK ISDN	6.63	7.00	5.25%	0.54	6.09
NN9CK	MCS NARS / ML ISDN NARS	36.48	38.50	5.25%	1.65	34.83
NN91K	MCS NARS / ML ISDN NARS	36.48	38.50	5.25%	1.65	34.83
NQMCK	MCS NARS / ML ISDN NARS	18.95	20.00	5.25%	1.65	17.30
ND4	DID/AIOD	3.22	3.40	5.24%	-	3.22
NQP1K	DID/AIOD	18.95	20.00	5.25%	1.65	17.30
NOT	DID/AIOD	18.95	20.00	5.25%	9.57	9.38
TOTAL		\$ 676.08	\$ 713.53	5.25%	\$ 295.85	\$ 380.23

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PROPRIETARY

CUSTOMER: PAPA JOHN'S
TARIFF: #97-173
CSA: TN96-7933-01

USOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
SBLFX	BACK-UP LINE	\$ 18.46	\$ 19.85	7.00%	\$ 22.37	\$ (3.91)
NST	TOUCHSTAR	4.65	5.00	7.00%	1.75	2.90
ESX	CUSTOM CALLING	3.63	3.90	7.05%	0.36	3.27
GCJ	CUSTOM CALLING	3.03	3.25	6.92%	0.41	2.62
MWW	CUSTOM CALLING	0.47	0.50	6.67%	0.41	0.06
113	AREA PLUS	22.79	24.50	7.00%	20.49	2.30
CREX1	CUSTOM CALLING	3.49	3.75	7.01%	0.28	3.21
B1M	MSG/MEAS RATE BUS	22.42	24.11	7.00%	20.49	1.93
TAKC1	AREA PLUS	26.37	28.36	7.00%	20.49	5.88
1FB	FLAT RATE BUSINESS	36.92	39.70	7.00%	22.30	14.62
CREX3	CUSTOM CALLING	3.49	3.73	6.61%	0.28	3.21
GCE	CUSTOM CALLING	3.02	3.25	7.08%	0.27	2.75
SBLX	BACK-UP LINE	18.14	19.51	7.00%	22.46	(4.32)
E9GPA	PRESTIGE	3.02	3.25	7.08%	0.22	2.80
TTB	TOUCHTONE	2.79	3.00	7.00%	-	2.79
1LS11	MSG/MEAS RATE BUS	0.93	1.00	7.00%	-	0.93
F&L	DIRECTORY WHITE PAGE SERVICES	1.67	1.80	7.00%	-	1.67
1FBCL	FLAT RATE BUSINESS	36.92	39.70	7.00%	22.30	14.62
E3PPA	PRESTIGE	0.93	1.00	7.00%	0.06	0.87
EVBP	PRESTIGE	3.02	3.25	7.08%	0.07	2.95
HTGME	ROTARY HUNT	17.97	19.32	7.00%	0.10	17.87
HTGTR	ROTARY HUNT	18.95	20.38	7.00%	0.10	18.85
HTG	ROTARY HUNT	27.70	29.78	7.00%	0.01	27.69
TOTAL		\$ 280.76	\$ 301.89	7.00%	\$ 155.22	\$ 125.54

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PROPRIETARY

CUSTOMER: HENDRICK AUTOMOTIVE GROUP
TARIFF: #97-172
CSA: TN97-0185-01

<u>USOC</u>	<u>DESCRIPTION</u>	<u>CSA MONTHLY</u> <u>RATE</u>	<u>TARIFF</u> <u>MONTHLY RATE</u>	<u>PERCENT</u> <u>DISCOUNT</u>	<u>UNIT</u> <u>COST</u>	<u>CSA</u> <u>ABOVE</u> <u>(BELOW)</u> <u>COST</u>
ESX	CUSTOM CALLING	\$ 3.67	\$ 3.90	5.90%	\$ 0.36	\$ 3.31
1LS11	MSG/MEAS RATE BUS	0.94	1.00	6.00%	-	0.94
FAL	DIRECTORY WHITE PAGE SERVICES	1.69	1.80	6.11%	-	1.69
TTB	TOUCHTONE	2.82	3.00	6.00%	-	2.82
1FB	FLAT RATE BUSINESS	37.32	39.70	5.99%	22.30	15.02
TAKC1	AREA PLUS	26.79	28.50	6.00%	20.49	6.30
MBW	PRESTIGE	9.40	10.00	6.00%	0.17	9.23
MBWAL	PRESTIGE	9.40	10.00	6.00%	0.17	9.23
HTGTR	ROTARY HUNT	19.39	20.63	6.00%	0.10	19.29
TOTAL		\$ 111.42	\$ 118.53	6.00%	\$ 43.59	\$ 67.83

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PROPRIETARY

PROPRIETARY

CUSTOMER: O'CHARLEY'S
TARIFF: #97-171
CSA: TN96-7795-00

USOC	DESCRIPTION	CSA MONTHLY	TARIFF	PERCENT	UNIT	CSA
		RATE	MONTHLY RATE	DISCOUNT	COST	ABOVE (BELOW) COST
1LS11	FLAT RATE BUSINESS	\$ 0.95	\$ 1.00	5.43%	\$ -	\$ 0.95
DRS1X	RINGMASTER	9.45	10.00	5.50%	1.08	8.37
SEQ1X	INSIDE WIRE-BASIC	1.89	2.00	5.50%	0.88	1.01
DRS1X	RINGMASTER	6.62	7.00	5.50%	1.08	5.54
B1M	MSG/MEAS RATE BUS	26.27	27.80	5.50%	20.49	5.78
113	AREA PLUS	25.99	27.50	5.50%	20.49	5.50
CREX1	CUSTOM CALLING	3.55	3.75	5.47%	0.28	3.27
TAKC1	AREA PLUS	26.12	27.64	5.50%	20.49	5.63
1FB	FLAT RATE BUSINESS	36.78	38.93	5.50%	22.30	14.48
FAL	DIRECTORY WHITE PAGE SERVICES	1.70	1.80	5.56%	-	1.70
CREX3	CUSTOM CALLING	3.54	3.75	5.60%	0.28	3.26
ESL	CUSTOM CALLING	3.03	3.20	5.47%	0.19	2.84
TTB	TOUCHTONE	2.84	3.00	5.50%	-	2.84
ESM	CUSTOM CALLING	3.54	3.75	5.60%	0.09	3.45
TJB	TOUCHTONE	2.84	3.00	5.49%	-	2.84
VUM24	MEGALINK CHANNEL SERVICE	178.61	189.00	5.50%	77.08	101.53
1PQWU	MEGALINK	4.73	5.00	5.50%	3.41	1.32
D1GLC	MEGALINK	100.17	106.00	5.50%	94.52	5.65
HTGTR	ROTARY HUNT	19.50	20.63	5.50%	0.10	19.40
HTGTR	ROTARY HUNT	27.43	29.02	5.50%	0.01	27.42
HTGME	ROTARY HUNT	21.08	22.31	5.50%	0.10	20.98
NQMCK	MCS NARS / ML ISDN NARS	18.90	20.00	5.50%	1.65	17.25
NQP1K	DID/AIOD	18.90	20.00	5.50%	1.65	17.25
NDT	DID/AIOD	18.90	20.00	5.50%	9.57	9.33
S5DBD	DID/AIOD	7.09	7.50	5.50%	-	7.09
ND4	DID/AIOD	3.21	3.40	5.50%	-	3.21
TOTAL		\$ 573.60	\$ 606.98	5.50%	\$ 275.74	\$ 297.86

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PROPRIETARY

CUSTOMER: GIBSON GUITARS
TARIFF: #97-170
CSA: TN97-0178-00

USOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
TAKC1	AREA PLUS	\$ 26.93	\$ 28.50	5.50%	\$ 20.49	\$ 6.44
NSD	TOUCHSTAR	7.09	7.50	5.47%	1.00	6.09
113	AREA PLUS	25.99	27.50	5.50%	20.49	5.50
SBLFX	BACK-UP LINE	18.76	19.85	5.49%	22.37	(3.61)
T13CX	AREA PLUS	25.99	27.50	5.50%	20.59	5.40
ESM	CUSTOM CALLING	3.55	3.75	5.47%	0.09	3.46
1FB	FLAT RATE BUSINESS	37.52	39.70	5.50%	22.30	15.22
1FBCL	FLAT RATE BUSINESS	37.52	39.70	5.49%	22.30	15.22
SBLX	BACK-UP LINE	18.76	19.85	5.49%	22.46	(3.70)
ESX	CUSTOM CALLING	3.69	3.90	5.38%	0.36	3.33
TJB	TOUCHTONE	2.84	3.00	5.50%	-	2.84
TTB	TOUCHTONE	2.84	3.00	5.50%	-	2.84
D1GLC	MEGALINK	100.17	106.00	5.50%	94.52	5.65
HTG	ROTARY HUNT	28.14	29.78	5.50%	0.01	28.13
HTGTR	ROTARY HUNT	19.50	20.63	5.50%	0.10	19.40
LPSMX	ISDN INDIVIDUAL LINE - BUS	6.14	6.50	5.50%	0.05	6.09
LT8LB	ISDN INDIVIDUAL LINE - BUS	51.96	55.00	5.50%	50.24	1.74
LPRFX	ISDN INDIVIDUAL LINE - BUS	15.36	16.25	5.50%	7.45	7.91
TFN	DID/AIOD	65.66	69.48	5.50%	23.25	42.41
NDT	DID/AIOD	18.90	20.00	5.50%	9.57	9.33
T131X	DID/AIOD	25.99	27.50	5.50%	20.57	5.42
ND4	DID/AIOD	3.21	3.40	5.51%	-	3.21
NDV	DID/AIOD	3.21	3.40	5.59%	-	3.21
TOTAL		\$ 549.71	\$ 581.69	5.50%	\$ 358.21	\$ 191.50

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PROPRIETARY

PROPRIETARY

CUSTOMER: GENESCO
TARIFF: #97-169
CSA: TN97-0741-00

USOC	DESCRIPTION	CSA MONTHLY		TARIFF		PERCENT	UNIT	CSA	
		RATE		MONTHLY RATE				ABOVE	(BELOW)
						DISCOUNT	COST	COST	
RCFVF	REMOTE CALL FORWARDING (RCF)	\$ 15.04	\$	16.00		6.00%	\$ 2.54	\$	12.50
CDTO1	MSG/MEAS RATE BUS	2.96		3.15		6.03%	3.15		(0.19)
TAKC1	AREA PLUS	26.79		28.50		6.00%	20.49		6.30
TAKOE	AREA PLUS	26.79		28.50		6.00%	20.49		6.30
SEQ1X	INSIDE WIRE BASIC	1.88		2.00		6.00%	0.88		1.00
TAKCE	AREA PLUS	26.79		28.50		6.00%	20.59		6.20
1FB	FLAT RATE BUSINESS	34.29		36.48		6.00%	22.30		11.99
JUP	DIRECTORY WHITE PAGE SERVICES	32.66		34.74		5.99%	-		32.66
1LLBE	FLAT RATE BUSINESS	0.81		0.86		5.81%	1.20		(0.39)
MBT	FLAT RATE BUSINESS	70.50		75.00		6.00%	30.06		40.44
TTB	TOUCHTONE	2.82		3.00		6.00%	-		2.82
FAL	DIRECTORY WHITE PAGE SERVICES	1.69		1.80		6.02%	-		1.69
FNA	DIRECTORY WHITE PAGE SERVICES	1.69		1.80		6.11%	-		1.69
1LS11	FLAT RATE BUSINESS	0.94		1.00		6.00%	-		0.94
1LS12	FLAT RATE BUSINESS	0.94		1.00		6.00%	-		0.94
CLT	DIRECTORY WHITE PAGE SERVICES	1.69		1.80		6.00%	-		1.69
TJB	TOUCHTONE	2.82		3.00		6.00%	-		2.82
FP164	FRAME RELAY	66.74		71.00		6.00%	23.81		42.93
CSN6X	CONNECTIONLESS DATA SERVICE INTRALATA	64.86		69.00		6.00%	12.89		51.97
1PQPF	MEGALINK	18.80		20.00		6.00%	5.15		13.65
1PQWF	MEGALINK	9.40		10.00		6.00%	3.32		6.08
1RSD3	SYNCHRONET	47.00		50.00		6.00%	34.62		12.38
3LBEA	SYNCHRONET	18.80		20.00		6.00%	14.47		4.33
3LBCA	SYNCHRONET	18.80		20.00		6.00%	14.36		4.44
3LBAA	SYNCHRONET	18.80		20.00		6.00%	14.19		4.61
2UN96	SYNCHRONET	9.40		10.00		6.00%	4.18		5.22
1RSD9	SYNCHRONET	47.00		50.00		6.00%	34.62		12.38
6BN	SYNCHRONET	23.50		25.00		6.00%	4.34		19.16
3LBDA	SYNCHRONET	1.88		2.00		6.00%	0.54		1.34
3LBBA	SYNCHRONET	1.93		2.05		6.00%	0.54		1.39
3LBFA	SYNCHRONET	1.83		1.95		6.00%	0.55		1.28
2UN19	SYNCHRONET	9.40		10.00		6.00%	4.18		5.22
HTGTR	ROTARY HUNT	19.39		20.63		6.00%	0.10		19.29
HTGSD	ROTARY HUNT	27.99		29.78		6.00%	0.10		27.89
HTG	ROTARY HUNT	22.03		23.44		6.00%	0.01		22.02
LPSMX	ISDN INDIVIDUAL LINE	6.11		6.50		6.00%	0.05		6.06
LTBLB	ISDN INDIVIDUAL LINE	51.70		55.00		6.00%	50.24		1.46
NDT	DID/AIOD	18.80		20.00		6.00%	9.57		9.23
TFC	FLAT RATE PBX TRUNK/NARS	65.31		69.48		6.00%	23.26		42.05
TAK1E	DID/AIOD	26.79		28.50		6.00%	20.59		6.20
ND4	DID/AIOD	3.20		3.40		6.00%	-		3.20
TOTAL		\$ 850.57	\$	904.86		6.00%	\$ 397.38	\$	453.19

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PROPRIETARY

CUSTOMER: VANSTAR CORPORATION
TARIFF: #97-167
CSA: TN96-7719-00

USOC	DESCRIPTION	CSA MONTHLY		TARIFF		PERCENT	UNIT	CSA	
		RATE		MONTHLY RATE				ABOVE	(BELOW)
						DISCOUNT	COST	COST	
SBLX	BACK-UP LINE	\$ 18.76		\$ 19.85		5.49%	\$ 22.46	\$ (3.70)	
ELYN2N	PRESTIGE	4.73		5.00		5.40%	2.17	2.56	
GCJ	CUSTOM CALLING	3.07		3.25		5.48%	0.41	2.66	
MWW	CUSTOM CALLING	0.47		0.50		5.33%	0.41	0.06	
SEQ1X	INSIDE WIRE-BASIC	1.89		2.00		5.50%	0.88	1.01	
EBY32	PRESTIGE	5.20		5.50		5.50%	2.21	2.99	
1LS11	FLAT RATE BUSINESS	0.95		1.00		5.50%	-	0.95	
RCFVF	REMOTE CALL FORWARDING (RCF)	15.12		16.00		5.50%	2.54	12.58	
113	AREA PLUS	25.99		27.50		5.50%	20.49	5.50	
1FB	FLAT RATE BUSINESS	37.52		39.70		5.50%	22.30	15.22	
GCE	CUSTOM CALLING	3.07		3.25		5.48%	0.27	2.80	
E9GPA	PRESTIGE	3.07		3.25		5.49%	0.22	2.85	
EATPA	PRESTIGE	3.55		3.75		5.47%	0.21	3.34	
TJB	TOUCHTONE	2.84		3.00		5.50%	-	2.84	
EVBPA	PRESTIGE	3.07		3.25		5.49%	0.07	3.00	
1LST1	FLAT RATE BUSINESS	0.95		1.00		5.50%	-	0.95	
ESM	CUSTOM CALLING	3.54		3.75		5.51%	0.09	3.45	
TTB	TOUCHTONE	2.84		3.00		5.50%	-	2.84	
HTGTR	ROTARY HUNT	19.50		20.63		5.50%	0.10	19.40	
HTG	ROTARY HUNT	28.14		29.78		5.50%	0.01	28.13	
TFC	FLAT RATE PBX TRUNKS/NARS	65.66		69.48		5.50%	23.26	42.40	
ND4	DID/AIOD	3.21		3.40		5.47%	-	3.21	
NOT	DID/AIOD	18.90		20.00		5.50%	9.57	9.33	
S5DBD	DID/AIOD	7.09		7.50		5.50%	-	7.09	
TDD1X	DID/AIOD	65.66		69.48		5.50%	23.28	42.38	
TOTAL		\$ 344.77		\$ 364.82		5.50%	\$ 130.95	\$ 213.82	

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PROPRIETARY

CUSTOMER: DELTA AIRLINES
TARIFF: #97-163
CSA: TN97-0120-00

<u>USOC</u>	<u>DESCRIPTION</u>	<u>CSA MONTHLY</u>	<u>TARIFF</u>	<u>PERCENT</u>	<u>UNIT</u>	<u>CSA</u>
		<u>RATE</u>	<u>MONTHLY RATE</u>	<u>DISCOUNT</u>	<u>COST</u>	<u>ABOVE</u> <u>(BELOW)</u> <u>COST</u>
ESM	AREA PLUS	\$ 3.53	\$ 3.75	6.00%	\$ 0.14	\$ 3.39
B1M	AREA PLUS	26.13	27.80	6.01%	21.81	4.32
1LLBE	AREA PLUS	0.81	0.86	6.00%	1.20	(0.39)
SEQ1X	AREA PLUS	1.88	2.00	6.00%	0.88	1.00
1LBAA	PRESTIGE	13.40	14.25	6.00%	-	13.40
ESC	CUSTOM CALLING	3.53	3.75	5.87%	0.68	2.85
1FB	PRESTIGE	36.94	39.30	6.00%	22.71	14.23
FAL	PRESTIGE	1.69	1.80	6.00%	-	1.69
TTB	FLAT RATE BUSINESS	2.82	3.00	6.00%	-	2.82
HTG	TOUCHTONE	27.54	29.29	5.99%	0.10	27.44
EQC	AREA PLUS	49.12	52.25	6.00%	1.69	47.43
EQB	DIRECTORY WHITE PAGES	49.12	52.25	6.00%	1.69	47.43
	TOTAL	\$ 216.49	\$ 230.30	6.00%	\$ 50.90	\$ 165.59

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PROPRIETARY

PROPRIETARY

CUSTOMER: BRUNO'S
TARIFF: #97-164
CSA: TN97-2272-00

<u>USOC</u>	<u>DESCRIPTION</u>	<u>CSA MONTHLY</u> <u>RATE</u>	<u>TARIFF</u> <u>MONTHLY RATE</u>	<u>PERCENT</u> <u>DISCOUNT</u>	<u>UNIT</u> <u>COST</u>	<u>CSA</u> <u>ABOVE</u> <u>(BELOW)</u> <u>COST</u>
1LS11	P1 - MILEAGE	\$ 0.90	\$ 1.00	10.00%	\$ -	\$ 0.90
TTB	TOUCHTONE - BUSINESS PER LINE	2.70	3.00	10.00%	-	2.70
M1M12	FLAT RATE BUSINESS LN W/CALL ID	35.15	39.05	9.99%	23.12	12.03
M9QCR	TOUCHSTAR - CALL TRACING	4.50	5.00	10.00%	0.29	4.21
HTGTR	GROUPING SERVICE (HUNTING)	25.96	28.84	10.00%	0.10	25.86
TOTAL		\$ 69.21	\$ 76.89	9.99%	\$ 23.51	\$ 45.70

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PROPRIETARY

PROPRIETARY

CUSTOMER: HEWLETT PACKARD
TARIFF: #97-154
CSA: TN97-1431-00

<u>USOC</u>	<u>DESCRIPTION</u>	<u>CSA MONTHLY</u> <u>RATE</u>	<u>TARIFF</u> <u>MONTHLY RATE</u>	<u>PERCENT</u> <u>DISCOUNT</u>	<u>UNIT</u> <u>COST</u>	<u>CSA</u> <u>ABOVE</u> <u>(BELOW)</u> <u>COST</u>
FAL	DIRECTORY WHITE PAGES	\$ 1.69	\$ 1.80	5.93%	\$ -	\$ 1.69
T13CX	AREA PLUS	25.85	27.50	6.00%	21.40	4.45
TAKC1	AREA PLUS	26.79	28.50	6.00%	20.49	6.30
TAKCE	AREA PLUS	26.79	28.50	6.00%	20.59	6.20
TJB	TOUCHTONE	2.82	3.00	6.00%	-	2.82
TTB	TOUCHTONE	2.82	3.00	6.00%	-	2.82
HTGTR	ROTARY HUNT	19.39	20.63	6.00%	0.10	19.29
ND4	DID/AIOD	3.20	3.40	6.01%	0.01	3.19
NDT	DID/AIOD	24.44	26.00	6.00%	9.57	14.87
S50BD	DID/AIOD	7.05	7.50	6.00%	-	7.05
TAK1E	DID/AIOD	26.79	28.50	6.00%	20.59	6.20
TDD1X	DID/AIOD	65.31	69.48	6.00%	23.50	41.81
TOTAL		\$ 232.94	\$ 247.81	6.00%	\$ 116.25	\$ 116.69

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PROPRIETARY

CUSTOMER: SUNTRUST BANK
TARIFF #97-152
CSA: TN97-0386-00

CSOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
RCA	REMOTE CALL FORWARDING (RCF)	\$ 14.72	\$ 16.00	8.00%	\$ 3.40	\$ 11.32
3LBBS	MSG/MEAS RATE BUS	5.42	5.89	8.00%	2.04	3.38
RCFVS	REMOTE CALL FORWARDING (RCF)	14.72	16.00	8.00%	2.54	12.18
RCFVQ	REMOTE CALL FORWARDING (RCF)	14.72	16.00	8.00%	2.54	12.18
SEQ1X	INSIDE WIRE-BASIC	1.34	2.00	9.00%	0.88	0.96
ESM	CUSTOM CALLING	3.45	3.75	8.00%	0.14	3.31
CREX2	CUSTOM CALLING	3.45	3.75	8.00%	0.28	3.17
GCE	CUSTOM CALLING	2.99	3.25	8.00%	0.13	2.86
1LLBE	MSG/MEAS RATE BUS	0.79	0.86	8.14%	1.20	(0.41)
TACCE	AREA PLUS	22.54	24.50	8.00%	20.59	1.95
NOTOK	AREA PLUS	18.40	20.00	8.00%	1.65	16.75
E40	CUSTOM CALLING	0.64	0.70	8.10%	0.01	0.63
ELY2N	PRESTIGE	4.60	5.00	8.00%	1.93	2.67
TAKC1	AREA PLUS	26.22	28.50	8.00%	20.49	5.73
T13CX	AREA PLUS	25.30	27.50	8.00%	21.40	3.90
113	AREA PLUS	25.24	27.43	8.00%	21.15	4.09
TJB	TOUCHTONE	2.76	3.00	8.00%	-	2.76
1LS11	MSG/MEAS RATE BUS	0.92	1.00	8.00%	-	0.92
1LS12	MSG/MEAS RATE BUS	0.92	1.00	8.00%	-	0.92
1LS13	MSG/MEAS RATE BUS	0.92	1.00	8.00%	-	0.92
TACCE	AREA PLUS	10.12	11.00	8.00%	-	10.12
CLT	DIRECTORY WHITE PAGE SERVICES	1.66	1.80	8.00%	-	1.66
FAL	DIRECTORY WHITE PAGE SERVICES	1.66	1.80	8.00%	-	1.66
GCJ	CUSTOM CALLING	2.99	3.25	8.00%	0.14	2.85
FNA	DIRECTORY WHITE PAGE SERVICES	1.66	1.80	8.06%	-	1.66
TTB	TOUCHTONE	2.76	3.00	8.00%	-	2.76
TACC1	AREA PLUS	22.54	24.50	8.00%	21.81	0.73
1FB	FLAT RATE BUSINESS	28.76	31.27	8.00%	22.71	6.05
T13OX	AREA PLUS	25.30	27.50	8.00%	21.48	3.82
CREX1	CUSTOM CALLING	3.45	3.75	8.00%	0.26	3.19
VUM24	MEGALINK CHANNEL SERVICE	168.36	183.00	8.00%	75.34	93.02
VUM19	MEGALINK CHANNEL SERVICE	943.92	1,026.00	8.00%	602.72	341.20
VUM96	MEGALINK CHANNEL SERVICE	662.40	720.00	8.00%	301.36	361.04
VUM48	MEGALINK CHANNEL SERVICE	339.48	369.00	8.00%	150.68	188.80
DSLSA	FLEXSERV	5.82	6.33	8.00%	1.12	4.70
FOB1X	LIGHTGATE	11.96	13.00	8.00%	5.65	6.31
VUSDS	LIGHTGATE	33.12	36.00	8.00%	5.65	27.47
FOA1X	LIGHTGATE	9.20	10.00	8.00%	5.42	3.78
VUS	LIGHTGATE	29.44	32.00	8.00%	5.42	24.02
1PQST	LIGHTGATE	6.58	7.15	8.02%	4.01	2.57
1FO4N	LIGHTGATE	2,097.60	2,280.00	8.00%	1,773.20	324.40
1LNO3	MEGALINK	59.80	65.00	8.00%	40.30	19.50
1POWU	MEGALINK	4.76	5.18	8.00%	5.57	(0.81)
1POWP	MEGALINK	5.98	6.50	8.00%	5.57	0.41
1LNOC	MEGALINK	15.56	16.91	8.00%	1.15	14.41
1LNOA	MEGALINK	16.03	17.43	8.00%	1.15	14.88
1LNO1	MEGALINK	59.80	65.00	8.00%	40.30	19.50
11GLC	MEGALINK	37.10	105.54	8.00%	104.84	(7.74)
1P1AC	SMARTPATH	184.00	200.00	8.00%	189.72	(5.72)
1P1AJ	SMARTPATH	59.80	65.00	8.00%	20.70	39.10
2UN96	SYCHRONET	8.54	9.29	8.00%	1.62	6.92
5BN	SYCHRONET	14.30	15.55	8.00%	12.30	2.00
3LBAA	SYCHRONET	27.75	30.17	8.00%	3.33	24.42
3LBEA	SYCHRONET	28.88	31.39	8.00%	2.46	26.42
2UN56	SYCHRONET	23.35	25.38	8.00%	1.62	21.73
3LBFA	SYCHRONET	2.79	3.04	8.00%	0.13	2.66
3LBFA	SYCHRONET	27.27	29.65	8.00%	4.07	23.20
3LBBA	SYCHRONET	2.64	2.87	8.00%	0.11	2.53
1RSD5	SYCHRONET	53.54	58.20	8.00%	40.58	12.96
1RSD9	SYCHRONET	40.75	44.29	8.00%	40.58	0.17
3LBDA	SYCHRONET	2.56	2.78	8.00%	0.14	2.42
1TGTR	ROTARY HUNT	18.92	20.56	8.00%	0.10	18.82
1TGTA	ROTARY HUNT	16.91	18.38	8.00%	0.10	16.81
1TGMS	ROTARY HUNT	16.52	17.96	8.00%	0.10	16.42
1TGT	ROTARY HUNT	20.21	21.96	8.00%	0.10	20.11
1TGME	ROTARY HUNT	20.53	22.31	8.00%	0.10	20.43
1NG	ESSX / MULTISERV NARS	0.69	0.75	8.00%	0.01	0.68
EQA	ESSX / MULTISERV NARS	48.07	52.25	8.00%	1.69	46.38
1N1K	LIGHTGATE NARS	18.40	20.00	8.00%	1.65	16.75
1N1OX	LIGHTGATE NARS	18.40	20.00	8.00%	1.65	16.75
1N1OK	LIGHTGATE NARS	18.40	20.00	8.00%	1.65	16.75
1OMCK	MCS NARS / ML ISDN NARS	18.40	20.00	8.00%	1.65	16.75
1EN	DID/AIOD	52.73	57.31	8.00%	23.28	29.45
1D1X	DID/AIOD	25.30	27.50	8.00%	20.57	4.73
1D4	DID/AIOD	3.13	3.40	8.00%	0.01	3.12
1D1	DID/AIOD	18.40	20.00	8.00%	9.57	8.83
1M3	MSG/MEAS RATE PBX TRUNKS/NARS	20.47	22.25	8.00%	20.49	(0.02)
1AK1E	DID/AIOD	26.22	28.50	8.00%	20.59	5.63
1AC1E	DID/AIOD	22.54	24.50	8.00%	20.59	1.95
1D1X	DID/AIOD	63.92	69.48	8.00%	23.50	40.42
1M2	MSG/MEAS RATE PBX TRUNKS/NARS	20.47	22.25	8.00%	20.59	(0.12)
1M8	MSG/MEAS RATE PBX TRUNKS/NARS	27.37	29.75	8.00%	20.59	6.78
1FC	FLAT RATE PBX TRUNKS/NARS	52.73	57.31	8.00%	23.28	29.45
1OP1X	DID/AIOD	18.40	20.00	8.00%	1.65	16.75
1MC	MSG/MEAS RATE PBX TRUNKS/NARS	27.37	29.75	8.00%	20.59	6.78
TOTAL		\$ 5,929.03	\$ 6,444.60	8.00%	\$ 3,847.68	\$ 2,081.35

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PROPRIETARY

CUSTOMER: BANK OF MISSISSIPPI
TARIFF: #97-153
CSA: TN97-0076-00

USOC	DESCRIPTION	CSA MONTHLY		TARIFF		PERCENT	UNIT	CSA ABOVE (BELOW)	
		RATE		MONTHLY RATE	DISCOUNT		COST	COST	
DRS	RINGMASTER ADD'L TELEPHONE #	\$ 6.51	\$	7.00	7.00%	\$	0.36	\$	6.15
SEQ1X	BASIC WIRING PER LINE	1.86		2.00	7.00%		0.88		0.98
RCFVF	REMOTE CALL FORWARDING	14.88		16.00	7.00%		2.54		12.34
NXMCR	TOUCHSTAR CALLER ID DELUXE	9.29		9.99	7.01%		4.50		4.79
B1M	BUSINESS MEASURED LINE	17.62		18.95	7.02%		21.81		(4.19)
TAKC1	REGIONSERV 2 WAY BUS LINE W/D	25.71		27.64	7.00%		20.49		5.22
113	REGIONSERV BUS INDV LINE	23.00		24.73	7.00%		21.15		1.85
EATPA	PRESTIGE - CALL FORWARDING	3.49		3.75	6.93%		0.14		3.35
1FB	FLAT RATE BUSINESS LINE	32.19		34.61	7.00%		22.71		9.48
1FBCL	FLAT RATE BUSINESS LN W/CALL I	36.32		39.05	6.99%		23.12		13.20
ESM	CCS - CALL FORWARDING	3.49		3.75	6.98%		0.14		3.35
ELY2N	PRESTIGE - USER TRANSFER CONF	4.65		5.00	7.00%		1.93		2.72
FAL	FOREIGN BUSINESS LISTING	1.68		1.80	6.94%		-		1.68
TTB	TOUCHTONE - BUSINESS PER LINE	2.79		3.00	7.00%		-		2.79
TJB	TOUCHTONE - CO TRUNK	2.79		3.00	7.00%		-		2.79
NPU	PRIVATE LISTING #	2.33		2.50	6.80%		-		2.33
FRH15	CUSTOMER CONNECTION TO FRAME RELAY	381.30		410.00	7.00%		165.22		216.08
FPC5E	BROADBAND EXCHANGE EXTENSION LINE	22.22		23.99	7.00%		5.31		16.91
FRVDX	FRAME RELAY SERVICE FEATURE CHARGE	1.86		2.00	7.00%		-		1.86
FRH56	CUSTOMER CONNECTION TO FRAME RELAY	61.50		66.13	7.00%		12.89		48.61
FR156	BROADBAND EXCHANGE LINE FROM CUST	65.26		70.17	7.00%		23.81		41.45
FP115	BROADBAND EXCHANGE LINE FROM CUST	144.15		155.00	7.00%		98.80		45.35
FPD56	BROADBAND EXCHANGE LINE EXTENSION	32.55		35.00	7.00%		7.17		25.38
1RSD9	SYNCHRONET - LC 9.6KPS	44.40		47.74	7.00%		40.58		3.82
2UN19	SYNCHRONET NODE CHAN TERM 19.2	6.25		6.72	7.00%		1.62		4.63
3LBCA	SYNCHRONET - IO CHANNEL 9-25	19.84		21.33	7.00%		4.07		15.77
3LBAA	SYNCHRONET - IO CHANNEL 08 MI	24.73		26.59	7.00%		3.33		21.40
3LBEA	SYNCHRONET - IO CHANNEL +25	17.95		19.30	6.99%		2.46		15.49
3LBDA	SYNCHRONET - IO CHANNEL EA MI	1.75		1.89	7.00%		0.14		1.61
3LBBA	SYNCHRONET - IO CHANNEL EA MILE	2.23		2.40	7.00%		0.11		2.12
2UN96	SYNCHRONET - NODE TERM 9.6KPS	8.94		9.61	7.00%		1.62		7.32
6BN	SYNCHRONET - PER CHAN BRIDGED	17.87		19.22	7.00%		12.30		5.57
2UN56	SYNCHRONET - NODE TERM 56KPS	17.44		18.75	7.00%		1.62		15.82
3LBFA	SYNCHRONET - IO CHANNEL EA MI	1.60		1.72	7.00%		0.13		1.47
1RSD3	SYNCHRONET LOCAL CHAN. 19.2 KB	45.14		48.54	7.00%		40.58		4.56
1RSD5	SYNCHRONET - LC 56KPS	62.78		67.50	7.00%		40.58		22.20
E3PPS	CPU PER SYSTEM	0.65		0.70	7.14%		-		0.65
EXMLX	MAIN STA LINE DIST SENSITIVE	17.34		18.65	7.00%		9.45		7.89
EXDEX	STA LINE MEASURED RATE 1.5 MIL	8.89		9.56	7.00%		9.46		(0.57)
EXDFX	STA LINE MEASURED RATE 2 MILES	11.53		12.40	6.99%		10.56		0.97
EXDJX	MEAS RATE EXCH CKT	12.51		13.45	7.00%		10.88		1.63
DXH1S	AREA COMMUNICATION SVC	23.25		25.00	7.00%		19.00		4.25
EXMJX	ESSX LOOP - LOOP 3 5 MILE	17.21		18.50	7.00%		10.88		6.33
EXMFX	ESSX LOOP - 2 MILE	16.97		18.25	7.00%		11.20		5.77
EXMMX	DIGITAL ESSX MAIN STATION	17.44		18.75	7.00%		11.30		6.14
EXDGX	STA LINE MEAS RATE 2 1/2 MILE	12.34		13.26	6.99%		11.34		1.00
AENSV	ESSX EXCHANGE ACCESS SUPP CHGE	9.30		10.00	7.00%		-		9.30
AHY	AREA COMMUNICATION SVC	18.60		20.00	7.00%		13.71		4.89
EXDHX	STA LINE MEAS RATE 3 MILES	12.45		13.38	7.00%		11.48		0.97
EXDDX	STA LINE MEAS RATE 1 MILE	5.93		6.38	7.00%		6.20		(0.27)
RXRTX	ESSX LINE TERM AS PBX TRUNK	16.04		17.25	7.00%		-		16.04
HSCH	DIG ESSX CIRCULAR HUNT	0.65		0.70	7.14%		0.09		0.56
E9AAR	3WC PER LINE	1.21		1.30	7.00%		0.86		0.35
ESXCR	CALL WAITING	0.47		0.50	6.00%		0.13		0.34
HSHT	DIG ESSX REGULAR HUNTING	0.70		0.76	7.00%		0.09		0.61
EFWBX	ESSX STATION LINE .50 MI	4.75		5.10	6.96%		2.78		1.97
EXDBX	STA LINE MEAS RATE 1/2 MILE	4.35		4.68	7.00%		2.72		1.63
EFWAX	LOOP EXTENDED AS FX 1/4 MI	3.49		3.75	7.02%		1.58		1.91
EATCR	CFV PER LINE, GROUP A	0.35		0.38	7.00%		0.04		0.31
NRX	INTERCOM CHARGE FLAT RATE	3.56		3.82	7.00%		3.23		0.33
SESMC	AREA COMMUNICATION SVC	2.33		2.50	7.00%		-		2.33
EXDAX	STA LINE MEAS RATE 1/4 MILE	3.45		3.71	7.00%		1.75		1.70
UPPUB	AREA CALL PLAN PKG OPTIONS	1.86		2.00	7.00%		-		1.86
HTGTR	HUNTING MEASURED SERVICE	18.42		19.80	7.00%		0.10		18.32
HTG	GROUPING SERVICE (HUNTING)	23.91		25.70	7.00%		0.10		23.81
3QAOX	ESSX NAR. FLAT RATE. OUTGOING	48.59		52.25	7.00%		1.69		46.90
3QACX	ESSX NAR. FLAT RATE. TWO WAY	48.39		52.25	7.00%		1.69		46.90
3QMCX	REGIONSERV USAGE PKG BOTH WAY	9.30		10.00	7.00%		-		9.30
3QKOE	REGIONSERV ESSX NAR. OUTWARD	10.23		11.00	7.00%		-		10.23
3QKCE	REGIONSERV NAR USAGE PKG BOTH	10.23		11.00	7.00%		-		10.23
ND4	EA ADDTL GROUP 20 DID #S	3.16		3.40	7.01%		0.01		3.15
NDT	DID TRUNK TERM	18.60		20.00	7.00%		9.57		9.03
T13CX	REGION SERV TRUNKS COMBO	25.58		27.50	7.00%		21.40		4.18
T131X	REGION SERV TRUNKS INWARD ONLY	23.25		25.00	7.00%		20.57		2.68
TOTAL		\$ 1,635.81	\$	1,758.92	7.00%	\$	785.97	\$	849.84

PROPRIETARY

CUSTOMER: MIDDLE TENNESSEE STATE UNIVERSITY
TARIFF: #97-148
CSA: TN96-7961-02

USOC	DESCRIPTION	CSA MONTHLY	TARIFF	PERCENT	UNIT	CSA
		RATE	MONTHLY RATE	DISCOUNT	COST	ABOVE (BELOW) COST
1LS11	FLAT RATE BUSINESS	\$ 0.95	\$ 1.00	5.00%	\$ -	\$ 0.95
CREX1	CUSTOM CALLING	3.56	3.75	5.07%	0.28	3.28
NSQ	TOUCHSTAR	4.28	4.50	4.89%	2.41	1.87
1LS12	FLAT RATE BUSINESS	0.95	1.00	5.00%	-	0.95
1FB	FLAT RATE BUSINESS	37.27	39.23	5.00%	22.30	14.97
SEQ1X	INSIDE WIRE-BASIC	1.90	2.00	5.00%	0.88	1.02
1FBCL	FLAT RATE BUSINESS	37.72	39.70	4.99%	22.30	15.42
GCJ	CUSTOM CALLING	3.09	3.25	4.98%	0.41	2.68
MWW	CUSTOM CALLING	0.48	0.50	4.00%	0.41	0.07
GCE	CUSTOM CALLING	3.09	3.25	5.03%	0.27	2.82
TJB	TOUCHTONE	2.85	3.00	5.00%	-	2.85
CLT	DIRECTORY WHITE PAGES	1.71	1.80	5.00%	-	1.71
TTB	TOUCHTONE	2.85	3.00	5.00%	-	2.85
NXMCR	TOUCHSTAR	9.49	9.99	5.01%	4.95	4.54
HTGTR	ROTARY HUNT	19.60	20.63	5.00%	0.10	19.50
1LDNE	MEGALINK ISDN	100.70	106.00	5.00%	94.52	6.18
PRFS1	MEGALINK ISDN	247.00	260.00	5.00%	131.31	115.69
PRFAS	MEGALINK ISDN	14.25	15.00	5.00%	2.92	11.33
PRFC1	MEGALINK ISDN	4.75	5.00	5.00%	0.54	4.21
NN9CK	MCS NARS / ML ISDN NARS	36.58	38.50	5.00%	1.65	34.93
NN91K	MCS NARS / ML ISDN NARS	36.58	38.50	5.00%	1.65	34.93
NDT	DID/AIOD	19.00	20.00	5.00%	9.57	9.43
NO4	DID/AIOD	3.23	3.40	5.00%	-	3.23
NQP1K	DID/AIOD	19.00	20.00	5.00%	1.65	17.35
TOTAL		\$ 610.86	\$ 643.00	5.00%	\$ 298.12	\$ 312.74

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PROPRIETARY

CUSTOMER: AUSTIN PEAY STATE UNIVERSITY
TARIFF: #97-144
CSA: TN96-7973-01

USOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
CLT	DIRECTORY WHITE PAGES	\$ 1.73	\$ 1.80	4.00%	\$ -	\$ 1.73
SEQ1X	INSIDE WIRE-BASIC	1.92	2.00	4.00%	0.88	1.04
1FB	FLAT RATE BUSINESS	36.45	37.96	4.00%	22.30	14.15
113	AREA PLUS	23.52	24.50	4.00%	20.49	3.03
TJB	TOUCHTONE	2.88	3.00	4.00%	-	2.88
1LLBE	FLAT RATE BUSINESS	0.83	0.86	3.49%	1.20	(0.37)
NQTOK	AREA PLUS	19.20	20.00	4.00%	1.65	17.55
ESX	CUSTOM CALLING	3.74	3.90	4.10%	0.36	3.38
TTB	TOUCHTONE	2.88	3.00	4.00%	-	2.88
3LBDA	SYNCHRONET	1.92	2.00	4.00%	0.54	1.38
ARSD5	SYNCHRONET	48.00	50.00	4.00%	38.14	9.86
3LBDA	SYNCHRONET	27.84	29.00	4.00%	14.36	13.48
2UN56	SYNCHRONET	21.12	22.00	4.00%	4.35	16.77
HTGTR	ROTARY HUNT	17.64	18.38	4.00%	0.10	17.54
1LDNE	MEGALINK ISDN	99.84	104.00	4.00%	94.52	5.32
PRFAS	MEGALINK ISDN	11.20	11.67	4.00%	2.92	8.28
PRFC1	MEGALINK ISDN	4.80	5.00	4.00%	0.54	4.26
PRFS1	MEGALINK ISDN	240.00	250.00	4.00%	131.31	108.69
NQMCK	MCS NARS / ML ISDN NARS	19.20	20.00	4.00%	1.65	17.55
NN9CK	MCS NARS / ML ISDN NARS	36.96	38.50	4.00%	1.65	35.31
NDT	DID/AIOD	19.20	20.00	4.00%	9.57	9.63
NQP1K	DID/AIOD	19.20	20.00	4.00%	1.65	17.55
ND4	DID/AIOD	3.26	3.40	4.00%	-	3.26
TOTAL		\$ 663.33	\$ 690.97	4.00%	\$ 348.18	\$ 315.15

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PROPRIETARY

CUSTOMER: MOTLOW STATE COMMUNITY COLLEGE
TARIFF: #97-145
CSA: TN96-7970-02

USOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
TTB	TOUCHTONE	\$ 2.88	\$ 3.00	4.00%	\$ -	\$ 2.88
NOTOK	AREA PLUS	19.20	20.00	4.00%	1.65	17.55
SEQ1X	INSIDE WIRE-BASIC	1.92	2.00	4.00%	0.88	1.04
113	AREA PLUS	23.52	24.50	4.00%	20.49	3.03
1FB	FLAT RATE BUSINESS	30.52	31.79	4.00%	22.30	8.22
ESM	CUSTOM CALLING	3.60	3.75	4.00%	0.09	3.51
FAL	DIRECTORY WHITE PAGES	1.73	1.80	4.01%	-	1.73
CLT	DIRECTORY WHITE PAGES	1.73	1.80	4.03%	-	1.73
1LS11	FLAT RATE BUSINESS	0.96	1.00	4.00%	-	0.96
1LS13	MSG/MEAS RATE BUS	0.96	1.00	4.00%	-	0.96
1LS12	MSG/MEAS RATE BUS	0.96	1.00	4.00%	-	0.96
1LST2	MSG/MEAS RATE BUS	0.96	1.00	4.00%	-	0.96
DSL1A	FLEXSERV	72.00	75.00	4.00%	26.87	45.13
1LNO3	MEGALINK	62.40	65.00	4.00%	41.50	20.90
D1GLC	MEGALINK	101.76	106.00	4.00%	94.52	7.24
1LNOC	MEGALINK	17.28	18.00	4.00%	1.95	15.33
HTGME	ROTARY HUNT	17.24	17.96	4.00%	0.10	17.14
HTG	ROTARY HUNT	22.18	23.10	4.00%	0.01	22.17
HTGTR	ROTARY HUNT	17.65	18.38	4.00%	0.10	17.55
1LDNE	MEGALINK ISDN	101.76	106.00	4.00%	94.52	7.24
PRFAS	MEGALINK ISDN	14.40	15.00	4.00%	2.92	11.48
PRFS1	MEGALINK ISDN	249.60	260.00	4.00%	131.31	118.29
PRFC1	MEGALINK ISDN	4.80	5.00	4.00%	0.54	4.26
NN9CK	MEGALINK NARS	36.96	38.50	4.00%	1.65	35.31
NOP1K	DID/AIOD	19.20	20.00	4.00%	1.65	17.55
ND4	DID/AIOD	3.26	3.40	4.00%	-	3.26
NOT	DID/AIOD	19.20	20.00	4.00%	9.57	9.63
TOTAL		\$ 848.62	\$ 883.98	4.00%	\$ 452.62	\$ 396.00

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PROPRIETARY

CUSTOMER: VOLUNTEER STATE COMMUNITY COLLEGE
TARIFF: #97-146
CSA: TN96-7967-03

USOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
1ECOX	MSG/MEAS RATE BUS	\$ 10.45	\$ 11.00	5.00%	\$ 20.49	\$ (10.04)
1LS11	MSG/MEAS RATE BUS	0.95	1.00	5.00%	-	0.95
CREX1	CUSTOM CALLING	3.56	3.75	5.00%	0.28	3.28
1FB	FLAT RATE BUSINESS	37.72	39.70	5.00%	22.30	15.42
113	AREA PLUS	26.13	27.50	4.98%	20.49	5.64
TTB	TOUCHTONE	2.85	3.00	5.00%	-	2.85
TJB	TOUCHTONE	2.85	3.00	5.00%	-	2.85
FAL	DIRECTORY WHITE PAGES	1.71	1.80	5.00%	-	1.71
1LST1	MSG/MEAS RATE BUS	0.95	1.00	5.00%	-	0.95
VUM24	MEGALINK CHANNEL SERVICE	162.45	171.00	5.00%	77.08	85.37
D1GLC	MEGALINK	98.80	104.00	5.00%	94.52	4.28
1POWU	MEGALINK	4.75	5.00	5.00%	3.41	1.34
HTGTR	ROTARY HUNT	19.60	20.63	5.00%	0.10	19.50
NQMCK	MCS NARS / ML ISDN NARS	19.00	20.00	5.00%	1.65	17.35
NN9CK	MCS NARS / ML ISDN NARS	36.58	38.50	5.00%	1.65	34.93
NN91K	MCS NARS / ML ISDN NARS	36.58	38.50	5.00%	1.65	34.93
NDT	DID/A:OD	19.00	20.00	5.00%	9.57	9.43
ND4	DID/A:OD	3.23	3.40	5.00%	-	3.23
TOTAL		\$ 487.15	\$ 512.78	5.00%	\$ 253.19	\$ 233.96

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PROPRIETARY

CUSTOMER: GRIDNET INTERNATIONAL
TARIFF: #97-138
CSA: TN97-0638-00

<u>USOC</u>	<u>DESCRIPTION</u>	<u>CSA MONTHLY</u> <u>RATE</u>	<u>TARIFF</u> <u>MONTHLY RATE</u>	<u>PERCENT</u> <u>DISCOUNT</u>	<u>UNIT</u> <u>COST</u>	<u>CSA</u> <u>ABOVE</u> <u>(BELOW)</u> <u>COST</u>
TJB	TOUCHTONE - CO TRUNK	\$ 2.79	\$ 3.00	7.00%	\$ -	\$ 2.79
VUM24	MEGALINK/LIGHTGATE C.O. CHAN	185.54	199.50	7.00%	75.34	110.20
1PQWU	F.A. TRUNK	5.72	6.15	7.00%	5.57	0.15
HTGTR	HUNTING MEASURED SERVICE	19.19	20.63	7.00%	0.10	19.09
NQP1K	REGIONSERV. MEGALINK INWARD	18.60	20.00	7.00%	1.65	16.95
NQMCK	REGIONSERV. MEGALINK 2WAY	18.60	20.00	7.00%	1.65	16.95
S5D8D	DID - DUAL TONE PULSING OPTION	6.98	7.50	7.00%	-	6.98
ND4	EA ADDTL GROUP 20 DID #S	3.16	3.40	7.00%	0.01	3.15
NDT	DID TRUNK TERM	18.60	20.00	7.00%	9.57	9.03
TOTAL		\$ 279.17	\$ 300.18	7.00%	\$ 93.89	\$ 185.28

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PROPRIETARY

PROPRIETARY

CUSTOMER: ALLSTATE INSURANCE COMPANY
TARIFF: #97-136
CSA: TN97-0647-00

USOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
113	AREA PLUS	\$ 25.99	\$ 27.50	5.50%	\$ 21.15	\$ 4.84
1FB	FLAT RATE BUSINESS	36.13	38.23	5.50%	22.71	13.42
1FBCL	FLAT RATE BUSINESS	35.33	37.38	5.50%	23.12	12.21
1LS11	FLAT RATE BUSINESS	0.95	1.00	5.48%	-	0.95
1LS12	FLAT RATE BUSINESS	0.95	1.00	5.33%	-	0.95
1MB	MSG/MEAS RATE BUS	27.45	29.05	5.51%	21.81	5.64
1SESX	FLAT RATE BUSINESS	14.41	15.25	5.51%	0.60	13.81
CLT	DIRECTORY WHITE PAGES	1.70	1.80	5.50%	-	1.70
DRS	RING MASTER	6.62	7.00	5.50%	0.36	6.26
E3PPA	PRESTIGE	0.95	1.00	5.50%	0.06	0.89
E6HPA	PRESTIGE	3.69	3.90	5.50%	0.12	3.57
E9GPA	PRESTIGE	3.07	3.25	5.50%	0.13	2.94
EATPA	PRESTIGE	3.54	3.75	5.50%	0.14	3.40
EBY32	PRESTIGE	5.20	5.50	5.50%	1.54	3.66
EBY33	PRESTIGE	5.67	6.00	5.50%	1.97	3.70
EBY48	PRESTIGE	6.62	7.00	5.50%	2.03	4.59
ELY2N	PRESTIGE	4.73	5.00	5.50%	1.93	2.80
ESC	CUSTOM CALLING	3.54	3.75	5.51%	0.68	2.86
ESF	CUSTOM CALLING	4.49	4.75	5.47%	0.18	4.31
ESL	CUSTOM CALLING	3.02	3.20	5.49%	0.17	2.85
ESM	CUSTOM CALLING	3.54	3.75	5.50%	0.14	3.40
ESTPA	PRESTIGE	3.02	3.20	5.51%	0.17	2.85
ESX	CUSTOM CALLING	3.69	3.90	5.50%	0.12	3.57
ESY66	PRESTIGE	14.41	15.25	5.51%	2.96	11.45
EV8PA	PRESTIGE	3.07	3.25	5.49%	0.13	2.94
FAL	DIRECTORY WHITE PAGES	1.68	1.77	5.50%	-	1.68
GCE	CUSTOM CALLING	3.07	3.25	5.50%	0.13	2.94
GCJ	CUSTOM CALLING	3.07	3.25	5.50%	0.14	2.93
GCZ	CUSTOM CALLING	7.32	7.75	5.50%	0.56	6.76
MVP	PRESTIGE	7.56	8.00	5.50%	1.67	5.89
MVPAL	PRESTIGE	7.56	8.00	5.50%	0.17	7.39
MVPCF	PRESTIGE	0.95	1.00	5.50%	0.41	0.54
MVPCW	PRESTIGE	0.95	1.00	5.40%	0.12	0.83
MWW	CUSTOM CALLING	0.47	0.50	5.49%	0.41	0.06
NPU	NON-LIST/NON-LOB (START-UP)	2.37	2.50	5.40%	-	2.37
NQOK	AREA PLUS	18.90	20.00	5.50%	1.65	17.25
NSD	TOUCHSTAR	7.09	7.50	5.47%	0.94	6.15
NSS	TOUCHSTAR	4.25	4.50	5.49%	0.35	3.90
NXMCR	TOUCHSTAR	9.44	9.99	5.51%	4.50	4.94
RCA	REMOTE CALL FORWARDING	15.12	16.00	5.50%	3.40	11.72
RCFVS	REMOTE CALL FORWARDING	15.12	16.00	5.50%	2.54	12.58
SBLFX	BACK-UP LINE	18.34	19.41	5.50%	21.81	(3.47)
SEQ1X	INSIDE WIRE-BASIC	1.89	2.00	5.50%	0.88	1.01
T13CX	AREA PLUS	25.99	27.50	5.50%	21.40	4.59
TACC2	AREA PLUS	23.15	24.50	5.50%	21.81	1.34
TAKC1	AREA PLUS	26.55	28.10	5.50%	20.49	6.06
TAKCE	AREA PLUS	26.93	28.50	5.50%	20.59	6.34
TJB	TOUCHTONE	2.84	3.00	5.50%	-	2.84
TTB	TOUCHTONE	2.84	3.00	5.50%	-	2.84
UPPT2	AREA PLUS	3.78	4.00	5.50%	-	3.78
1PQWU	MEGALINK	6.14	6.50	5.50%	5.57	0.57
VUM24	MEGALINK CHANNEL SERVICE	161.60	171.00	5.50%	75.34	86.26
HTG	ROTARY HUNT	26.71	28.26	5.50%	0.10	26.61
HTGMS	ROTARY HUNT	20.59	21.79	5.51%	0.10	20.49
HTGTR	ROTARY HUNT	19.38	20.51	5.50%	0.10	19.28
NN9CK	MEGALINK NARS	36.38	38.50	5.50%	1.65	34.73
NQMCK	MCS NARS/ML ISDN NARS	18.90	20.00	5.50%	1.65	17.25
ND4	DID/AIOD	3.21	3.40	5.50%	0.01	3.20
NDT	DID/AIOD	24.57	26.00	5.50%	9.57	15.00
NQP1K	DID/AIOD	18.90	20.00	5.50%	1.65	17.25
T131X	DID/AIOD	25.99	27.50	5.50%	20.57	5.42
TAK1E	DID/AIOD	26.93	28.50	5.50%	20.59	6.34
TDD1X	DID AIOD	65.42	69.23	5.50%	23.50	41.92
TFC	FLAT RATE PBX TRUNK/NARS	65.08	68.87	5.50%	23.28	41.80
TFU	FLAT RATE PBX TRUNK/NARS	65.66	69.48	5.50%	23.21	42.45
TOTAL		\$ 1,044.44	\$ 1,105.22	5.50%	\$ 433.08	\$ 611.36

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PROPRIETARY

CUSTOMER: MIDTOWN MENTAL HEALTH
TARIFF: #97-137
CSA: TN96-7911-00

USOC	DESCRIPTION	CSA MONTHLY RATE	TARIFF MONTHLY RATE	PERCENT DISCOUNT	UNIT COST	CSA ABOVE (BELOW) COST
M4LRA	M+BASIC MEASURED RATE	\$ 2.20	\$ 12.00	81.67%	\$ 6.98	\$ (4.78)
M4LRH	M+EQUIPPED WITH CALLER ID-MR	2.20	12.00	81.67%	6.98	(4.78)
M1M12	1AESS GROUP 2/MAIN STATION LINE. EACH	6.90	7.00	1.43%	6.89	0.01
M9QCR	MEASURED RATE & REGIONSERV NAR	10.00	10.00	0.00%	-	10.00
HTGTR	REGIONSERV ACCESS LINE HUNTING	20.63	20.63	0.00%	-	20.63
TOTAL		\$ 41.93	\$ 61.63	31.96%	\$ 20.85	\$ 21.08

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PROPRIETARY

PROPRIETARY

CUSTOMER: STEWART B. IRBY COMPANY
TARIFF: #97-135
CSA: TN96-8163-00

USOC	DESCRIPTION	PER UNIT CSA MONTHLY RATE	PER UNIT TARIFF MONTHLY RATE	PERCENT DISCOUNT	PER UNIT COST	CSA ABOVE (BELOW) COST
3QK1E	AREA PLUS	\$ 10.45	\$ 11.00	5.00%	\$ -	\$ 10.45
3QKCE	AREA PLUS	10.45	11.00	5.00%	-	10.45
TAKCE	AREA PLUS	24.23	25.50	5.00%	20.59	3.64
TAKC1	AREA PLUS	26.44	27.83	5.00%	20.49	5.95
EBY48	PRESTIGE	6.65	7.00	5.00%	2.76	3.89
MWW	CUSTOM CALLING	0.48	0.50	4.00%	0.41	0.07
E9GPA	PRESTIGE	3.09	3.25	4.92%	0.22	2.87
EVBP	PRESTIGE	3.09	3.25	4.92%	0.07	3.02
1FB	FLAT RATE BUSINESS	31.11	32.75	5.01%	22.30	8.81
TJB	TOUCHTONE	2.85	3.00	5.00%	-	2.85
3QJOE	AREA PLUS	10.45	11.00	5.00%	-	10.45
FAL	DIRECTORY WHITE PAGES	1.71	1.80	5.00%	-	1.71
TTB	TOUCHTONE	2.85	3.00	5.00%	-	2.85
HTGTR	ROTARY HUNT	18.95	19.95	5.00%	0.10	18.85
TOTAL		\$ 152.80	\$ 160.83	5.00%	\$ 66.94	\$ 85.86


24

PROPRIETARY

PROPRIETARY

CUSTOMER: KNOXVILLE TVA CREDIT UNION
TARIFF: #97-134
CSA: TN97-0065-00

USOC	DESCRIPTION	PER UNIT CSA MONTHLY RATE	PER UNIT TARIFF MONTHLY RATE	PERCENT DISCOUNT	PER UNIT COST	CSA ABOVE (BELOW) COST
EATPA	PRESTIGE	\$ 3.51	\$ 3.75	6.40%	\$ 0.21	\$ 3.30
RCFVF	REMOTE CALL FORWARDING	14.96	16.00	6.50%	2.54	12.42
TACCS	AREA PLUS	22.91	24.50	6.50%	20.49	2.42
TAKC1	AREA PLUS	26.65	28.50	6.50%	20.49	6.16
1FB	FLAT RATE BUSINESS	30.10	32.19	6.50%	22.30	7.80
EBY32	PRESTIGE	5.15	5.50	6.45%	2.21	2.94
UPPT2	AREA PLUS	3.74	4.00	6.50%	-	3.74
RCA	REMOTE CALL FORWARDING	14.96	16.00	6.50%	3.40	11.56
TTB	TOUCHTONE	2.81	3.00	6.49%	-	2.81
FAL	DIRECTORY WHITE PAGES	1.68	1.80	6.48%	-	1.68
CLT	DIRECTORY WHITE PAGES	1.68	1.80	6.51%	-	1.68
3QKOE	AREA PLUS	10.29	11.00	6.50%	-	10.29
3QKCE	AREA PLUS	10.29	11.00	6.50%	-	10.29
1LS11	FLAT RATE BUSINESS	0.94	1.00	6.33%	-	0.94
3LBDA	SYNCHRONET	3.18	3.40	6.50%	0.54	2.64
3LBBA	SYNCHRONET	3.27	3.50	6.50%	0.54	2.73
3LBFA	SYNCHRONET	31.79	34.00	6.50%	14.47	17.32
2UN56	SYNCHRONET	24.31	26.00	6.50%	4.35	19.96
3LBFA	SYNCHRONET	3.09	3.30	6.50%	0.55	2.54
3LBAA	SYNCHRONET	31.79	34.00	6.50%	14.19	17.60
1RSD5	SYNCHRONET	56.10	60.00	6.50%	38.14	17.96
3LBFA	SYNCHRONET	31.79	34.00	6.50%	14.36	17.43
HTGTA	ROTARY HUNT	17.19	18.38	6.50%	0.10	17.09
HTG	ROTARY HUNT	18.97	20.29	6.51%	0.01	18.96
HTGTR	ROTARY HUNT	19.29	20.63	6.50%	0.10	19.19
TOTAL		\$ 390.41	\$ 417.54	6.50%	\$ 158.99	\$ 231.42

 Wanda Page
06/04/97 11:05 AM

To: Kenneth Lewis
cc: Timothy Norwood
Subject: [REDACTED] MSA

Well, we've worked long enough on this one!!! After my meeting with Bill Hurst yesterday, he met with Bob Young and [REDACTED] is ready to sign the MSA. There is just one minor issue that I have to discuss with Jon Alexander. [REDACTED] wants the first year termination liability to be reduced \$75K (\$325,000 to \$250,000). This shouldn't be an issue since I added an additional \$100K as a termination liability in the first year of the Supplemental agreement. I am waiting to clear this change with Jon and plan to take the contracts down this afternoon for Bill's signature.

Bottom Line Statistics:

- 2 year with 3 year supplement
- \$1.9 annual revenue commitment
- \$9.5 over the 5 year contract


[REDACTED]

000745

(V)

Timothy Norwood
01/13/97 10:43 AM

To: Jon Alexander
cc: Wanda Page, James Stringer
Subject: [REDACTED]

Jon:
Hope you are doing well so far in '97. I wanted to get back with you regarding our V&T (MSA) proposal to [REDACTED]. As you and I have discussed, we recast most of their BellSouth services back in the third quarter of '96 for 36 or 49 months (depending on the service). The big obstacle preventing [REDACTED] from signing the MSA today is the termination liability. They have stated that they intend to stay with BellSouth and have no intentions of canceling the contracts on the existing services (ESSX, SMARTPath, PRI ISDN, SynchroNet). There is a termination penalty associated with each BellSouth contract on these services. However, [REDACTED] feels that because of these termination penalties associated with each service, the termination penalty on the MSA should be lower.

I have done some calculations on the services that we currently have under contract at [REDACTED]. Based on the termination penalties on these contracts I share [REDACTED] concern that they would be "double gipped" in the highly unlikely event of an early termination on an MSA. For example, if [REDACTED] enters into a 36 month MSA agreement with an effective date of 2/01/97, but they cancel ALL service through BellSouth at the conclusion of Year 1 on 2/01/98, their termination penalties would be as follows:

\$938,000	Contract termination penalties (ESSX, SMARTPath, PRI ISDN, SynchroNet)
<u>\$775,000</u>	MSA cancellation penalty at end of Year 1
\$1,713,000	TOTAL TERMINATION PENALTY

[REDACTED] understands that the individual contracts and the MSA agreement are two different issues, but they do not feel that we should have such hefty penalties. My contact tells me that if we can get the MSA penalties more like the following, we can continue with negotiations:

\$266,000	Year 1
\$134,000	Year 2

Please review this, and let me know what we can do to move ahead. I know that you are concerned with the MSA piece, but we have to look at the whole picture. We are also interested in more information on the Rate Assurance clause.

I look forward to hearing from you. Thanks!!
Tim

000615

BellSouth CSA TN98-2766-00 & KY98-4958-00
Comparison of CSA Contribution and Discount

CSA #	Annual Contribution After Discount	Annual Contribution Before Discount	% Discount
TN97-2272-00	4898%	5453%	10.0%
TN97-7973-01	956%	999%	4.0%
TN97-7961-02	508%	540%	5.0%
TN96-7967-03	432%	460%	5.0%
TN96-7970-02	295%	311%	4.0%
TN97-0638-00	267%	295%	7.0%
TN97-1641-00	221%	265%	12.0%
TN96-8056-01	221%	238%	5.0%
TN97-0120-00	184%	208%	8.0%
TN97-0065-00	172%	191%	6.5%
TN96-8163-00	173%	187%	5.0%
TN96-7346-00	154%	173%	7.0%
TN97-1431-00	138%	153%	6.0%
TN97-0647-00	136%	148%	5.5%
KY98-4958-00	109%	137%	11%-13%
TN97-0076-00	119%	136%	7.0%
TN96-7719-00	121%	134%	5.5%
TN97-5138-00	101%	130%	12.5%
TN-98-2766-00	98%	127%	13.0%
TN97-0386-00	104%	124%	10.0%
TN97-0741-00	94%	106%	6.0%

BellSouth CSA TN98-2766-00 & KY98-4958-00
Services Discounted Below Cost

	USOC	TN98-2766-00	Contribution
1	SLM	Tielines	-12%
2	3LBBS	Analog Data Service	-2%
3	3LBAS	Alarm & Control	-9%
4	AVA	Custom Calling	-8%
5	113	Expanded/Area Calling Service	-2%
6	D1GLC	MegaLink Service	-2%
7	1RSD3	Synchronet	-41%
8	E3PAR	Centrex/ESSX	-13%
9	P1J2X	Centrex/ESSX	-13%
10	NRX	Centrex/ESSX	-5%
11	NRX	Centrex/ESSX	-7%
12	NRX	Centrex/ESSX	-8%
13	NRX	Centrex/ESSX	-9%
14	NRX	Centrex/ESSX	-12%
15	NRX	Centrex/ESSX	-35%
16	NRX	Centrex/ESSX	-13%
17	NRX	Centrex/ESSX	-32%
18	NRX	Centrex/ESSX	-33%
19	NRX	Centrex/ESSX	-36%
20	NRX	Centrex/ESSX	-38%
21	NRX	Centrex/ESSX	-40%
22	NRX	Centrex/ESSX	-41%
23	HSHTPT	Centrex/ESSX	-8%
24	EXMJX	Centrex/ESSX	-10%
25	EXMHX	Centrex/ESSX	-12%
26	EXMGX	Centrex/ESSX	-12%
27	EXMEX	Centrex/ESSX	-9%
28	EXMDX	Centrex/ESSX	-7%
29	EXMDX	Centrex/ESSX	-10%
30	EXDMX	Centrex/ESSX	-12%
31	EXDLX	Centrex/ESSX	-12%
32	EXDKX	Centrex/ESSX	-12%
33	EXDJX	Centrex/ESSX	-12%
34	EXDHX	Centrex/ESSX	-10%
35	EXDHX	Centrex/ESSX	-11%

36	EXDHX	Centrex/ESSX	-12%
37	EXDHX	Centrex/ESSX	-13%
38	EXDGX	Centrex/ESSX	-10%
39	EXDGX	Centrex/ESSX	-11%
40	EXDGX	Centrex/ESSX	-12%
41	EXDGX	Centrex/ESSX	-12%
42	EXDFX	Centrex/ESSX	-10%
43	EXDFX	Centrex/ESSX	-11%
44	EXDFX	Centrex/ESSX	-12%
45	EXDEX	Centrex/ESSX	-9%
46	EXDEX	Centrex/ESSX	-9%
47	EXDEX	Centrex/ESSX	-11%
48	EXDEX	Centrex/ESSX	-11%
49	EXDEX	Centrex/ESSX	-12%
50	EXDEX	Centrex/ESSX	-13%
51	EXDDX	Centrex/ESSX	-10%
52	EXDJX	Centrex/ESSX	-10%
53	EXDDX	Centrex/ESSX	-10%
54	EXDDX	Centrex/ESSX	-12%
55	EXDLX	Centrex/ESSX	-12%
56	EXDBX	Centrex/ESSX	-11%
57	EXMJX	Centrex/ESSX	-12%
58	ELX02	Centrex/ESSX	-9%
59	ELX01	Centrex/ESSX	-4%
60	ELX01	Centrex/ESSX	-14%
61	ELX01	Centrex/ESSX	-44%
62	EATPS	Centrex/ESSX	-74%
63	EATPS	Centrex/ESSX	-77%
64	EABAR	Centrex/ESSX	-67%
65	E9GPS	Centrex/ESSX	-73%
66	E9GPS	Centrex/ESSX	-74%
67	E6GPS	Centrex/ESSX	-73%
68	E6GPS	Centrex/ESSX	-74%
69	E3PPS	Centrex/ESSX	-53%
70	E3PPS	Centrex/ESSX	-65%
71	DXH1S	Centrex/ESSX	-4%
72	LTQ87	ISDN Individual Line	-13%
73	LTU1X	ESSX/MultiServ ISDN	-65%
74	LTQ8M	ESSX/MultiServ ISDN	-43%
75	LTBLB	ISDN Individual Line	-12%
76	1LDLF	ESSX/MultiServ ISDN	-23%
77	M1MD2	Multiserv/Multiserv Plus	-3%
78	M1M52	Multiserv/Multiserv Plus	-3%
79	M1M1A	Multiserv/Multiserv Plus	-2%
80	M1M12	Multiserv/Multiserv Plus	-3%

KY98-4958-00

	USOC	Contribution
1	SBLFX Back-Up line	-23%
2	1LNO1 MegaLink	-89%
3	NRX Centrex/ESSX	-1%
4	NRX Centrex/ESSX	-7%
5	NRX Centrex/ESSX	-36%
6	EXDMX Centrex/ESSX	-10%
7	EXDMX Centrex/ESSX	-10%
8	EXDJX Centrex/ESSX	-10%
9	EXDHX Centrex/ESSX	-10%
10	EXDGX Centrex/ESSX	-10%
11	EXDFX Centrex/ESSX	-10%
12	EXDEX Centrex/ESSX	-7%
13	EXDEX Centrex/ESSX	-9%
14	EXCEX Centrex/ESSX	-8%
15	LTBLB ISDN Individual Line	-10%

Before the

TENNESSEE REGULATORY AUTHORITY

IN RE: PROCEEDING FOR THE PURPOSE OF ADDRESSING COMPETITIVE EFFECTS
OF CONTRACT SERVICE ARRANGEMENTS FILED BY BELL SOUTH
TELECOMMUNICATIONS, INC. IN TENNESSEE.
DOCKET NO. 98-00559

SELECTED BOARD OF REGENTS
CONTRACTS

July 30, 1999

Post-It® Fax Note 7871		Date 7-28-99	# of pages 5
To: M. Jim Winters		From: Joyce Moore	
Co./Dept: TBR		Co: APSU	
Phone #: (615) 361-4491		Phone #: (931) 221-7883	
Fax #: (615) 361-3979		Fax #: (931) 221-7475	

TN 96-7973-01
97-144

C-97-0232

PREMIER CUSTOMER AGREEMENT

This Volume and Term ("V&T") Agreement ("Agreement") is entered into by and between BellSouth Telecommunications, Inc. ("BellSouth") and Austin Peay State University (hereinafter referred to as "Customer").

I. ANNUAL REVENUE COMMITMENT

- A. Customer agrees to an Annual Revenue Commitment of \$104,236 for 3 years. The Customer Annual Revenue Commitment represents the Customer's total previous month's billing for regulated local and intraLATA services annualized.
- B. BellSouth and Customer agree that except as otherwise provided herein, the Customer's total billing for local and regulated intraLATA service for each year of the V&T offering shall be applied toward Customer's Annual Revenue Commitment.
- C. Billing for non-recurring charges, directory assistance, measured or message local service, taxes, and publicly imposed surcharges, including but not limited to the surcharges for 911 service and dual party relay service, is not used to calculate the Annual Revenue Commitment.
- D. The Annual Revenue Commitment may be adjusted due to a Business Downturn, Higher Order of Service, or Tariff Change as defined in this Agreement.
- E. Customer may elect to increase its Annual Revenue Commitment during the term of the Agreement.

II. DISCOUNT LEVELS

- A. BellSouth shall apply a discount of 4% off the recurring tariffed rates for the total billed revenue associated with the discount eligible services. The discount shall be applied to the monthly bill.
- B. Charges billed pursuant to the Federal or State Access Services tariffs, billing for taxes or public imposed surcharges, including but not limited to, the surcharges for 911 or dual party relay services, nonrecurring charges, directory assistance, local usage and charges billed for less than a full month's services will not be subject to a discount.
- C. Charges billed to Customer for Contract Service Arrangements, End User Common Line Charges, WATSSaver, Special Assemblies and Special Access are not eligible for the application of the discount. In addition, billing associated with certain services may not be eligible for the application of a discount in order to maintain compliance with regulatory and legal requirements.

III. ANNUAL GROWTH REWARD DISCOUNT

At the end of each contract year, if the Customer has committed at least 100 percent of its total current local and regulated intraLATA billing, the Customer will be provided the opportunity to earn additional incentives based on the Customer's annual growth. Specifically, at the end of each contract year, BellSouth will review the Customer's cumulative billing for the previous 12 month period and will offer the Customer the opportunity to qualify for additional growth incentives. Customer can qualify for and achieve additional incentives in the following manner:

- A. In the event the Customer elects to increase its Annual Revenue Commitment and that increase results in the Customer being eligible for a higher level discount, BellSouth will provide the Customer an additional credit equal to 10% of the incremental amount of the increase not to exceed \$1,000.

- B. Customer will also be provided the opportunity to earn an Annual Growth Reward Discount. The Annual Growth Reward Discount is intended to provide the Customer an additional discount based on the Customer's increase in billed revenue. In order to determine the Annual Growth Reward Discount, BellSouth will review the Customer's Annual Revenue Commitment and the Customer's billing at the end of the first twelve month period after signing this Agreement. If the amount billed at the end of the twelve month period is fifteen percent higher than the Customer's Annual Revenue Commitment, then BellSouth will provide the Customer a one percent discount. In the event the Customer's billing at the end of the first twelve month period after signing this Agreement is twenty-five percent higher than the Customer's Annual Revenue Commitment, BellSouth will provide the Customer a two percent discount. In Year Two and Year Three of the Agreement, the Customer's Annual Growth Incentive Award will be calculated based on the Customer's actual billing at the beginning of each year.

IV. REGULATORY CONSIDERATIONS

- A. Customer recognizes and agrees that V&T is not intended to replace or supersede existing tariffs and that all services that are included in the V&T offering will be purchased in accordance with the approved BellSouth General Subscriber Services Tariff and Private Line Services Tariff in effect in each state. The provisions of such tariffs applicable to the services shall apply unless and except to the extent this Agreement contains express provisions specifically in conflict therewith in which case the express provisions of this Agreement shall control to the extent permitted by applicable law.

Customer acknowledges that BellSouth may be required to file and obtain approval of the V&T Agreement in certain states prior to implementation of a V&T offering. BellSouth agrees to begin any necessary filings within 30 days after the execution of a V&T Agreement between BellSouth and Customer. In the event the V&T Agreement is denied by a regulatory agency in any state or by any other court or regulatory body having jurisdiction over this matter, this Agreement shall be null and void and of no effect in that state.

V. COMMITMENT SHORTFALL

Customer agrees that if it fails to meet its Annual Revenue Commitment during a given year, BellSouth shall bill and Customer agrees to pay the difference between the actual billed revenue for the preceding 12 month period and its Annual Revenue Commitment. BellSouth will issue Customer a bill for the commitment shortfall.

VI. TERMINATION LIABILITY

If Customer desires to terminate the V&T Agreement prior to its expiration, Customer must provide BellSouth written notice of such termination 90 days prior to the effective date of termination. The contractor shall be required to compensate the Tennessee Board of Regents' Institutions for satisfactory authorized services completed as of termination date.

VII. BUSINESS DOWNTURN

In the event of a divestiture of a significant part of the Customer's business, a business downturn beyond Customer's control, or a network optimization using other BellSouth services, any of which significantly reduces the volume of network services required by Customer with the result that Customer is unable to meet its Annual Revenue Commitment under this Agreement (notwithstanding Customer's best efforts to avoid such a shortfall), BellSouth and Customer will cooperate in efforts to develop a mutually agreeable alternative that will satisfy the concerns of both parties and comply with all applicable legal and regulatory requirements. Such alternative may reduce the Customer's Annual Revenue Commitment to the extent of any shortfall resulting from the business downturn or network optimization. This provision shall not apply to a change resulting from a decision by Customer: (i) to reduce its overall use of telecommunications; or (ii) to transfer portions of its traffic or projected growth to providers other than BellSouth. Customer must provide BellSouth written notice of the conditions it

believes will require the application of this provision. This provision does not constitute a waiver of any charges, including shortfall charges, incurred by Customer prior to the time the parties mutually agree to amend this Agreement.

VIII. HIGHER ORDER OF SERVICE

From time to time, BellSouth may offer to Customer new technological features and capabilities ("Higher Order of Service"). For purposes of this Agreement, Higher Order of Service shall be defined as BellSouth service which will provide additional value to Customer with higher functionality and increased capacity. In the event that Customer elects to incorporate such a Higher Order of Service into its network design, and the use of such Higher Order of Service results in the Customer being unable to meet its Annual Revenue Commitment under this Agreement, then, subject to all applicable regulatory requirements, BellSouth agrees to cooperate with Customer to develop a mutually agreeable alternative that will satisfy the concerns of both parties. Such alternative may reduce Customer's Annual Revenue Commitment to the extent of any shortfall resulting from the migration to a Higher Order of Service.

IV. TARIFF CHANGES

If during the term of this Agreement, BellSouth requests and receives regulatory approval for price reductions on tariff services purchased by Customer and such price reductions cause Customer to be unable to meet its Annual Revenue Commitment under this Agreement, then subject to applicable regulatory requirements, BellSouth agrees to cooperate with Customer to develop a mutually agreeable alternative that will satisfy the concerns of both parties. Such alternative may reduce Customer's Annual Revenue Commitment to the extent of the shortfall resulting from the price reduction(s).

X. ANNUAL TRUE-UP

At the end of each contract year, BellSouth will conduct a review of Customer's revenue to determine if Customer achieved its Annual Revenue Commitment ("Annual True-Up"). During the Annual True-Up, BellSouth will calculate any Commitment Shortfall in accordance with Section V. During the Annual True-Up, BellSouth and the Customer can also propose any adjustments to the Annual Revenue Commitment.

XI. TERM

The Term of this Agreement shall be three years, commencing on February 1, 1997, and shall end on January 31, 2000. The Customer reserves the right to amend this Agreement for an additional two year period, at its option.

XII. MISCELLANEOUS

- A. This Agreement shall be construed in accordance with the laws of the State of Tennessee. In the event that any inconsistency between any tariff and the terms of this Agreement arises, the tariff shall prevail, except to the extent this Agreement contains express provisions specifically in conflict therewith (in which case the express provisions of this Agreement shall control to the extent permitted by applicable law.)
- B. Except as otherwise provided in this Agreement, notices required to be given pursuant to this Agreement shall be effective when received and shall be sufficient if given in writing, delivered by hand, facsimile, overnight mail delivery, or United States mail, postage prepaid, addressed to the appropriate party at the address set forth below. Either party hereto may change the name and address to whom all notices or other documents required under this Agreement must be sent at any time by giving written notice to the other party. Current addresses are:

BellSouth
Vice President & General Manager
BellSouth Business Systems
Suite 2601, 333 Commerce Street
Nashville, Tennessee 37201-3300

Austin Peay State University
601 College Street
Clarksville, Tennessee 37044

- C. In the event that one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any respect under any statute, regulatory requirement, or rule of law, then such provision shall be considered inoperative to the extent of such invalidity, illegality or unenforceability, and the remainder of this Agreement shall continue in full force and effect.
- D. Each party agrees to submit to the other all advertising, sales promotion, press releases, and other publicity matters relating to this Agreement or to the services provided under this Agreement wherein corporate or trade names, logos, trademarks, or service marks of the other party or any of its affiliated companies are mentioned or wherein there is language from which a connection to said names or marks may be inferred. Each party further agrees not to publish or use such advertising, sales promotion, press releases, or publicity matter without the other party's prior written approval.
- E. Customer may not assign its rights or obligations under this Agreement without the prior written consent of the Company. Such consent shall not be unreasonably withheld.

XIII. STANDARD TERMS AND CONDITIONS

- A. The contractor warrants that no part of the total contract amount provided herein shall be paid directly or indirectly to any officer or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to the contractor in connection with any work contemplated or performed relative to this contract.
- B. The parties agree to comply with Titles VI and VII of the Civil Rights Act of 1964, Title IX of the Education Amendments Section, Section 504 of the Rehabilitation Act of 1973, Executive Order 11,246 and the related regulations to each. Each party assures that it will not discriminate against any individual including, but not limited to, employees or applicants for employment and/or students because of race, religion, creed, color, sex, age, handicap, veteran status or national origin.

The parties also agree to take affirmative action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, creed, color, sex, age, handicap, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection available to employees and applicants for employment.

- C. The contractor shall maintain documentation for all charges against the institution under this agreement. The books, records, and documents of the contractor, insofar as they relate to work performed or money received under this agreement, shall be maintained for a period of 3 full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon notice, by the institution or the Comptroller of the Treasury, or their duly appointed representatives.
- D. This contract is subject to the allotment of Federal and State Funds.
- E. This agreement may be modified only by written amendment executed by all parties hereto.
- F. This agreement shall not be binding upon the parties until it is approved by the president or his designee or the State Board of Regents, as appropriate.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative on the dates set forth below.

Austin Peay State University

BellSouth Telecommunications, Inc.

By: 

By: 

(Authorized Signature)

(Authorized Signature)

Sal D. Furella
President

Title: _____

Title: SALES MANAGER

Date: 12-20-96

Date: 1-2-97

TN 96-7967-03

PREMIER CUSTOMER AGREEMENT

This Volume and Term ("V&T") Agreement ("Agreement") is entered into by and between BellSouth Telecommunications, Inc. ("BellSouth") and Volunteer State Community College (hereinafter referred to as "Customer").

I. ANNUAL REVENUE COMMITMENT

- A. Customer agrees to an Annual Revenue Commitment of \$63,516 for 3 years. The Customer Annual Revenue Commitment represents the Customer's total previous month's billing for regulated local and intraLATA services annualized.
- B. BellSouth and Customer agree that except as otherwise provided herein, the Customer's total billing for local and regulated intraLATA service for each year of the V&T offering shall be applied toward Customer's Annual Revenue Commitment.
- C. Billing for non-recurring charges, directory assistance, measured or message local service, taxes, and publicly imposed surcharges, including but not limited to the surcharges for 911 service and dual party relay service, is not used to calculate the Annual Revenue Commitment.
- D. The Annual Revenue Commitment may be adjusted due to a Business Downturn, Higher Order of Service, or Tariff Change as defined in this Agreement.
- E. Customer may elect to increase its Annual Revenue Commitment during the term of the Agreement.

II. DISCOUNT LEVELS

- A. BellSouth shall apply a discount of 5% off the recurring tariffed rates for the total billed revenue associated with the discount eligible services. The discount shall be applied to the monthly bill.
- B. Charges billed pursuant to the Federal or State Access Services tariffs, billing for taxes or public imposed surcharges, including but not limited to, the surcharges for 911 or dual party relay services, nonrecurring charges, directory assistance, local usage and charges billed for less than a full month's services will not be subject to a discount.
- C. Charges billed to Customer for Contract Service Arrangements, End User Common Line Charges, WATSSaver, Special Assemblies and Special Access are not eligible for the application of the discount. In addition, billing associated with certain services may not be eligible for the application of a discount in order to maintain compliance with regulatory and legal requirements.

III. ANNUAL GROWTH REWARD DISCOUNT

At the end of each contract year, if the Customer has committed at least 100 percent of its total current local and regulated intraLATA billing, the Customer will be provided the opportunity to earn additional incentives based on the Customer's annual growth. Specifically, at the end of each contract year, BellSouth will review the Customer's cumulative billing for the previous 12 month period and will offer the Customer the opportunity to qualify for additional growth incentives. Customer can qualify for and achieve additional incentives in the following manner:

- A. In the event the Customer elects to increase its Annual Revenue Commitment and that increase results in the Customer being eligible for a higher level discount, BellSouth will provide the Customer an additional credit equal to 10% of the incremental amount of the increase not to exceed \$1,000.

- B. Customer will also be provided the opportunity to earn an Annual Growth Reward Discount. The Annual Growth Reward Discount is intended to provide the Customer an additional discount based on the Customer's increase in billed revenue. In order to determine the Annual Growth Reward Discount, BellSouth will review the Customer's Annual Revenue Commitment and the Customer's billing at the end of the first twelve month period after signing this Agreement. If the amount billed at the end of the twelve month period is fifteen percent higher than the Customer's Annual Revenue Commitment, then BellSouth will provide the Customer a one percent discount. In the event the Customer's billing at the end of the first twelve month period after signing this Agreement is twenty-five percent higher than the Customer's Annual Revenue Commitment, BellSouth will provide the Customer a two percent discount. In Year Two and Year Three of the Agreement, the Customer's Annual Growth Incentive Award will be calculated based on the Customer's actual billing at the beginning of each year.

IV. REGULATORY CONSIDERATIONS

- A. Customer recognizes and agrees that V&T is not intended to replace or supersede existing tariffs and that all services that are included in the V&T offering will be purchased in accordance with the approved BellSouth General Subscriber Services Tariff and Private Line Services Tariff in effect in each state. The provisions of such tariffs applicable to the services shall apply unless and except to the extent this Agreement contains express provisions specifically in conflict therewith in which case the express provisions of this Agreement shall control to the extent permitted by applicable law.

Customer acknowledges that BellSouth may be required to file and obtain approval of the V&T Agreement in certain states prior to implementation of a V&T offering. BellSouth agrees to begin any necessary filings within 30 days after the execution of a V&T Agreement between BellSouth and Customer. In the event the V&T Agreement is denied by a regulatory agency in any state or by any other court or regulatory body having jurisdiction over this matter, this Agreement shall be null and void and of no effect in that state.

V. COMMITMENT SHORTFALL

Customer agrees that if it fails to meet its Annual Revenue Commitment during a given year, BellSouth shall bill and Customer agrees to pay the difference between the actual billed revenue for the preceding 12 month period and its Annual Revenue Commitment. BellSouth will issue Customer a bill for the commitment shortfall.

VI. TERMINATION LIABILITY

If Customer desires to terminate the V&T Agreement prior to its expiration, Customer must provide BellSouth written notice of such termination 90 days prior to the effective date of termination. The contractor shall be required to compensate the Tennessee Board of Regents' Institutions for satisfactory authorized services completed as of termination date.

VII. BUSINESS DOWNTURN

In the event of a divestiture of a significant part of the Customer's business, a business downturn beyond Customer's control, or a network optimization using other BellSouth services, any of which significantly reduces the volume of network services required by Customer with the result that Customer is unable to meet its Annual Revenue Commitment under this Agreement (notwithstanding Customer's best efforts to avoid such a shortfall), BellSouth and Customer will cooperate in efforts to develop a mutually agreeable alternative that will satisfy the concerns of both parties and comply with all applicable legal and regulatory requirements. Such alternative may reduce the Customer's Annual Revenue Commitment to the extent of any shortfall resulting from the business downturn or network optimization. This provision shall not apply to a change resulting from a decision by Customer: (i) to reduce its overall use of telecommunications; or (ii) to transfer portions of its traffic or projected

growth to providers other than BellSouth. Customer must provide BellSouth written notice of the conditions it believes will require the application of this provision. This provision does not constitute a waiver of any charges, including shortfall charges, incurred by Customer prior to the time the parties mutually agree to amend this Agreement.

VIII. HIGHER ORDER OF SERVICE

From time to time, BellSouth may offer to Customer new technological features and capabilities ("Higher Order of Service"). For purposes of this Agreement, Higher Order of Service shall be defined as BellSouth service which will provide additional value to Customer with higher functionality and increased capacity. In the event that Customer elects to incorporate such a Higher Order of Service into its network design, and the use of such Higher Order of Service results in the Customer being unable to meet its Annual Revenue Commitment under this Agreement, then, subject to all applicable regulatory requirements, BellSouth agrees to cooperate with Customer to develop a mutually agreeable alternative that will satisfy the concerns of both parties. Such alternative may reduce Customer's Annual Revenue Commitment to the extent of any shortfall resulting from the migration to a Higher Order of Service.

IV. TARIFF CHANGES

If during the term of this Agreement, BellSouth requests and receives regulatory approval for price reductions on tariff services purchased by Customer and such price reductions cause Customer to be unable to meet its Annual Revenue Commitment under this Agreement, then subject to applicable regulatory requirements, BellSouth agrees to cooperate with Customer to develop a mutually agreeable alternative that will satisfy the concerns of both parties. Such alternative may reduce Customer's Annual Revenue Commitment to the extent of the shortfall resulting from the price reduction(s).

X. ANNUAL TRUE-UP

At the end of each contract year, BellSouth will conduct a review of Customer's revenue to determine if Customer achieved its Annual Revenue Commitment ("Annual True-Up"). During the Annual True-Up, BellSouth will calculate any Commitment Shortfall in accordance with Section V. During the Annual True-Up, BellSouth and the Customer can also propose any adjustments to the Annual Revenue Commitment.

XI. TERM

The Term of this Agreement shall be three years, commencing on February 1, 1997, and shall end on January 31, 2000. The Customer reserves the right to amend this Agreement for an additional two year period, at its option.

XII. MISCELLANEOUS

- A. This Agreement shall be construed in accordance with the laws of the State of Tennessee. In the event that any inconsistency between any tariff and the terms of this Agreement arises, the tariff shall prevail, except to the extent this Agreement contains express provisions specifically in conflict therewith (in which case the express provisions of this Agreement shall control to the extent permitted by applicable law.)
- B. Except as otherwise provided in this Agreement, notices required to be given pursuant to this Agreement shall be effective when received and shall be sufficient if given in writing, delivered by hand, facsimile, overnight mail delivery, or United States mail, postage prepaid, addressed to the appropriate party at the address set forth below. Either party hereto may change the name and address to whom all notices or other documents required under this Agreement must be sent at any time by giving written notice to the other party. Current addresses are:

BellSouth
Vice President & General Manager
BellSouth Business Systems
Suite 2601, 333 Commerce Street
Nashville, Tennessee 37201-3300

Volunteer State Community College
1480 Nashville Pike
Gallatin, Tennessee 37066

- C. In the event that one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any respect under any statute, regulatory requirement, or rule of law, then such provision shall be considered inoperative to the extent of such invalidity, illegality or unenforceability, and the remainder of this Agreement shall continue in full force and effect.
- D. Each party agrees to submit to the other all advertising, sales promotion, press releases, and other publicity matters relating to this Agreement or to the services provided under this Agreement wherein corporate or trade names, logos, trademarks, or service marks of the other party or any of its affiliated companies are mentioned or wherein there is language from which a connection to said names or marks may be inferred. Each party further agrees not to publish or use such advertising, sales promotions, press releases, or publicity matter without the other party's prior written approval.
- E. Customer may not assign its rights or obligations under this Agreement without the prior written consent of the Company. Such consent shall not be unreasonably withheld.

XIII. STANDARD TERMS AND CONDITIONS

- A. The contractor warrants that no part of the total contract amount provided herein shall be paid directly or indirectly to any officer or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to the contractor in connection with any work contemplated or performed relative to this contract.
- B. The parties agree to comply with Titles VI and VII of the Civil Rights Act of 1964, Title IX of the Education Amendments Section, Section 504 of the Rehabilitation Act of 1973, Executive Order 11,246 and the related regulations to each. Each party assures that it will not discriminate against any individual including, but not limited to, employees or applicants for employment and/or students because of race, religion, creed, color, sex, age, handicap, veteran status or national origin.

The parties also agree to take affirmative action to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, creed, color, sex, age, handicap, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection available to employees and applicants for employment.

- C. The contractor shall maintain documentation for all charges against the institution under this agreement. The books, records, and documents of the contractor, insofar as they relate to work performed or money received under this agreement, shall be maintained for a period of 3 full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon notice, by the institution or the Comptroller of the Treasury, or their duly appointed representatives.
- D. This contract is subject to the allotment of Federal and State Funds.
- E. This agreement may be modified only by written amendment executed by all parties hereto.
- F. This agreement shall not be binding upon the parties until it is approved by the president or his designee or the State Board of Regents, as appropriate.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative on the dates set forth below.

Volunteer State Community College

By:

John B. Hicken
(Authorized Signature)

Title:

Vice President for Business

Date:

12-20-86

BellSouth Telecommunications, Inc.

By:

David E. Pendagrath
(Authorized Signature)

Title:

Sales Manager

Date:

1/2/87

Master Service Agreement

This Master Services Agreement ("Agreement") is entered into by and between BellSouth Telecommunications, Inc. ("BellSouth") and Volunteer State Community College ("Customer"), BellSouth and Customer hereby agree to the following terms and conditions:

- I. Customer hereby orders the services described in the Masters Services Agreement --Order Attachment ("Order Attachment(s)") at the recurring and non-recurring rates, charges in the Order Attachment, and in accordance with terms and conditions as described in applicable tariffs and Order Attachments(s). Customer agrees to pay for the services included in the Order Attachment(s) to this Agreement.
- II. This Agreement is subject to and controlled by the provisions of BellSouth's tariffs including but not limited to the General Subscriber Services Tariff and the Private Line Tariff and all such revisions to said tariffs as may be made from time to time. Except for rates and charges in the Order Attachment(s), the tariff shall supersede and conflicting provisions of this Agreement, BellSouth agrees that any appropriate tariff decreases for any rate element will be provided to the Customer.
- III. If Customer cancels a service ordered pursuant to an Order Attachment prior to the completed installation of the service but after the execution of the Order Attachment, Customer shall pay all reasonable costs incurred in the implementation of the service included in the Order Attachment. Such reasonable costs shall not exceed all costs which would apply if the work in the implementation of the Order Attachment had been completed.
- IV. If Customer cancels a service ordered pursuant to an Order Attachment at any time prior to the expiration of the service period set forth in the appropriate Order Attachment(s), Customer shall be responsible for all termination charges unless otherwise specified. Termination charges are defined as all reasonable charges due or remaining as a result of the minimum service period agreed to by BellSouth and Customer as set forth in the Order Attachment(s).
- V. This agreement when used in conjunction with a Special Assembly or Contract Services Arrangement may be subject to appropriate regulatory approval prior to commencement of installation. In the event such regulatory approval is denied, after a proper request by BellSouth, any Special Assembly and/or Contract Service Arrangement shall be null and void and be of no effect.
- VI. The service period shall be as specified in the Order Attachment(s) to this Agreement.
- VII. For the determination of any service period, the service period shall commence the date that the installation of service is completed.
- VIII. At the expiration of the service period for any service that is available pursuant to the tariff, the Customer may continue the service according to renewal options provided under the tariff. If the customer does not elect an additional service period, or does not request discontinuance of service, the service will be provided at the monthly rate currently in effect for month-to-month rates. At the expiration of the service period for any Special Assembly or Contract Service Arrangement, the customer may convert to an available tariff offering for the specific service or may request a new Special Assembly or Contract Service Arrangement.

- IX. Customer may order additional existing services or new services by submitting an appropriate Order Attachment properly authorized and submitted in accordance with BellSouth's procedures. Rates for additional and/or new services will be in accordance with the applicable tariff rates in effect at the time the Order Attachment is accepted by BellSouth or as otherwise stated in the appropriate Order Attachment.
- X. This agreement shall be governed by and construed in accordance with the laws of each state where the service is provided unless otherwise provided.
- XI. Except as otherwise provided in the Agreement, notices required to be given pursuant to this Agreement shall be effective when received, and shall be sufficient if given in writing, hand delivered or deposited in United States mail, postage prepaid, addressed to the appropriate party at the address set forth below:

_____	<u>BELL SOUTH BUSINESS SYSTEMS</u>
(Name)	(Name)
_____	<u>333 COMMERCE ST. N.W. ATL. GA 30301</u>
(Address)	(Address)
(Attention: _____)	(Attention: <u>Vickie Stanfield</u>)

- XII. Customer may not assign its rights or obligations under this Agreement without the express prior written consent of BellSouth and only pursuant to the conditions contained in the appropriate tariff.
- XIII. In the event that one or more of the provisions contained in this Agreement or incorporated within by reference shall be invalid, illegal or unenforceable in any respect under any applicable statute, regulatory requirement or rule of law, then such provision shall be considered inoperative to the extent of such invalidity, illegality or unenforceability and the remainder of this Agreement shall continue in full force and effect.
- XIV. This Agreement shall become effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the dates set forth below:

By: James B. Hodges
(Authorized Signature)

Name: James B. Hodges
(Print or Type)

Title: Vice President for Business and Finance

Date: 12-20-96

BellSouth Telecommunications, Inc.

By: David E. Pendragast
(Authorized Signature)

Name: David E. Pendragast
(Print or Type)

Title: Sales Manager

Date: 1/2/97

PROPRIETARY - NOT FOR DISCLOSURE OUTSIDE OF BELL SOUTH EXCEPT WITH WRITTEN PERMISSION

ADDENDUM TO
PREMIER CUSTOMER AGREEMENT
BETWEEN
BELLSOUTH TELECOMMUNICATIONS, INC.
AND
CHATTANOOGA STATE TECHNICAL COMMUNITY COLLEGE

This contract amendment executed by Chattanooga State Technical Community College (hereinafter referred to as "Customer"), and BellSouth Telecommunications, Inc. (hereinafter referred to as "BellSouth") which document shall amend the contract identified as follows:

This Amendment shall change the terms of such contract in the following particulars:

- A. Provision XI. of the contract is hereby modified by adding the following:

Customer shall have the right to terminate this agreement at the end of any fiscal year (June 30th) in the event that sufficient funds are not appropriated by the Tennessee General Assembly and/or budgeted for continuation of this agreement.

- B. Provision XII. of the agreement is hereby modified by deleting the first sentence of the provision in its entirety and substituting the following in lieu thereof::

"This agreement shall be governed by and construed in accordance with the laws of the state of Tennessee."

- C. Proprietary of the contract is hereby modified by adding the following:

The provisions of this paragraph are subject to the Tennessee Public Records Act, T.C.A. Section 10-7-101 et seq.

The contract is hereby modified by adding the following:

- XV. The parties agree to comply with Title VI and VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, Executive Order 11,246 and the related

regulations to each. Each party assures that it will not discriminate against any individual including, but not limited to employees or applicants for employment and/or students because of race, religion, creed, color, sex, age, handicap, veteran status, or national origin.

The parties also agree to take affirmative action to ensure that applicants are employed and that employees are treated during the employment without regard to their race, religion, creed, color, sex, handicap, or national origin. Such action shall include, but not be limited by the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection available to employees and applicants for employment.

- XVI. Neither party shall be responsible for personal injury or property damage or other loss except that resulting from its own negligence or the negligence of its employees or others for whom the party is legally responsible.
- XVII. Bellsouth warrants that none of the charges provided for hereunder will be paid directly or indirectly to any officer or employee of the Customer or the state of Tennessee as wages, compensation, or as a gift in exchange for acting as an officer, agent, employee, consultant or subcontractor of BellSouth in connection with any services contemplated or performed hereunder.
- XVIII. Bellsouth shall maintain documentation for all charges against the customer under this agreement. The books, records, and documents of BellSouth, insofar as they relate to work performed or money received under this agreement, shall be maintained for a period of three years full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon notice, by the customer or the Comptroller of the Treasury, or their duly appointed representatives.
- XIV. If Bellsouth fails to fulfill in timely and proper manner its obligations under this agreement, or if Bellsouth shall violate any of the terms of this agreement, the Customer shall have the right to immediately terminate this agreement and withhold payments in excess of fair compensation for work completed.

Notwithstanding the above, Bellsouth shall not be relieved of liability to the Customer for damages sustained by virtue of any breach of this agreement by Bellsouth.

Subject to the terms and conditions set forth in this Amendment,
the above-referred original Agreement between the parties is
hereby ratified and confirmed.

BellSouth Telecommunications Inc.

By: 

Date: 12/19/96

Chattanooga State Technical
Community College

By: 

Date: 12/19/96

ADDENDUM TO
MASTER SERVICE AGREEMENT
BETWEEN
BELLSOUTH TELECOMMUNICATIONS, INC.

AND

CHATTANOOGA STATE TECHNICAL COMMUNITY COLLEGE

This contract amendment executed by Chattanooga State Technical Community College (hereinafter referred to as "Customer"), and BellSouth Telecommunications, Inc. (hereinafter referred to as "BellSouth") which document shall amend the contract identified as follows:

This Amendment shall change the terms of such contract in the following particulars:

- A. Provision IV of the contract is hereby modified by adding the following:

Customer shall have the right to terminate this agreement at the end of any fiscal year (June 30th) in the event that sufficient funds are not appropriated by the Tennessee General Assembly and/or budgeted for continuation of this agreement.

- B. Proprietary of the contract is hereby modified by adding the following:

The provisions of this paragraph are subject to the Tennessee Public Records Act, T.C.A. Section 10-7-101 et seq.

The contract is hereby modified by adding the following:

- XV. The parties agree to comply with Title VI and VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, Executive Order 11,246 and the related regulations to each. Each party assures that it will not discriminate against any individual including, but not limited to employees or applicants for employment and/or students because of race, religion, creed, color, sex, age, handicap, veteran status, or national origin.

The parties also agree to take affirmative action to ensure that applicants are employed and that employees are treated during the employment without regard to their race, religion, creed, color, sex, handicap, or national origin. Such action shall include, but not be limited by the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or

termination, rates of pay or other forms of compensation, and selection available to employees and applicants for employment.

- XVI. Neither party shall be responsible for personal injury or property damage or other loss except that resulting from its own negligence or the negligence of its employees or others for whom the party is legally responsible.
- XVII. Bellsouth warrants that none of the charges provided for hereunder will be paid directly or indirectly to any officer or employee of the Customer or the state of Tennessee as wages, compensation, or as a gift in exchange for acting as an officer, agent, employee, consultant or subcontractor of BellSouth in connection with any services contemplated or performed hereunder.
- XVIII. Bellsouth shall maintain documentation for all charges against the customer under this agreement. The books, records, and documents of BellSouth, insofar as they relate to work performed or money received under this agreement, shall be maintained for a period of three years full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon notice, by the customer or the Comptroller of the Treasury, or their duly appointed representatives.
- XIV. If Bellsouth fails to fulfill in timely and proper manner its obligations under this agreement, or if Bellsouth shall violate any of the terms of this agreement, the Customer shall have the right to immediately terminate this agreement and withhold payments in excess of fair compensation for work completed.

Notwithstanding the above, Bellsouth shall not be relieved of liability to the Customer for damages sustained by virtue of any breach of this agreement by Bellsouth.

Subject to the terms and conditions set forth in this Amendment, the above-referred original Agreement between the parties is hereby ratified and confirmed.

BellSouth Telecommunications, Inc.

By: Raymond M. Rhodes *MRP*

Date: 12/19/96

Chattanooga State Technical
Community College

By: [Signature]

Date: 12/17/96

332 80 97 172

Premier Customer Agreement

This Volume and Term ("V&T") Agreement ("Agreement") is entered into by and between BellSouth Telecommunications, Inc., a Georgia corporation ("BellSouth") and Chattanooga State Technical Community College, a state ~~corporation~~ (hereinafter referred to as "Customer"). organization

I. ANNUAL REVENUE COMMITMENT

- A. Customer agrees to an Annual Revenue Commitment of \$79,234 for 3 years. The Customer Annual Revenue Commitment represents the Customer's total previous month's billing for regulated local and intraLATA services annualized.
- B. BellSouth and Customer agree that except as otherwise provided herein, the Customer's total billing for local and regulated intraLATA service for each year of the V&T offering shall be applied toward Customer's Annual Revenue Commitment.
- C. Billing for non-recurring charges, directory assistance, measured or message local service, taxes, and publicly imposed surcharges, including but not limited to the surcharges for 911 service and dual party relay service, is not used to calculate the Annual Revenue Commitment.
- D. The Annual Revenue Commitment may be adjusted due to a Business Downturn, Higher Order of Service, or Tariff Change as defined in this Agreement.
- E. Customer may elect to increase its Annual Revenue Commitment during the term of the Agreement.

II. DISCOUNT LEVELS

- A. BellSouth shall apply a discount of 5% off the recurring tariffed rates for the total billed revenue associated with the discount eligible services. The discount shall be applied to the monthly bill.
- B. Charges billed pursuant to the Federal or State Access Services tariffs, billing for taxes or public imposed surcharges, including but not limited to, the surcharges for 911 or dual party relay services, nonrecurring charges, directory assistance, local usage and charges billed for less than a full month's services will not be subject to a discount.
- C. Charges billed to Customer for Contract Service Arrangements, End User Common Line Charges, WATSSaver, Special Assemblies and Special Access are not eligible for the application of the discount. In addition, billing associated with certain services may not be eligible for the application of a discount in order to maintain compliance with regulatory and legal requirements.

III. ANNUAL GROWTH REWARD DISCOUNT

At the end of each contract year, if the Customer has committed at least 100 percent of its total current local and regulated intraLATA billing, the Customer will be provided the opportunity to earn additional incentives based on the Customer's annual growth. Specifically, at the end of each contract year, BellSouth will review the Customer's cumulative billing for the previous

12 month period and will offer the Customer the opportunity to qualify for additional growth incentives. Customer can qualify for and achieve additional incentives in the following manner:

- A. In the event the customer elects to increase its Annual Revenue Commitment and that increase results in the Customer being eligible for a higher level discount, BellSouth will provide the Customer an additional credit equal to 10% of the incremental amount of the increase not to exceed \$1,000.
- B. Customer will also be provided the opportunity to earn an Annual Growth Reward Discount. The Annual Growth Reward Discount is intended to provide the Customer an additional discount based on the Customer's increase in billed revenue. In order to determine the Annual Growth Reward Discount, BellSouth will review the Customer's Annual Revenue Commitment and the Customer's billing at the end of the first twelve month period after signing this Agreement. If the amount billed at the end of the twelve month period is fifteen percent higher than the Customer's Annual Revenue Commitment, then BellSouth will provide the Customer a one percent discount. In the event the Customer's billing at the end of the first twelve month period after signing this Agreement is twenty-five percent higher than the Customer's Annual Revenue Commitment, BellSouth will provide the Customer a two percent discount. In Year Two and Year Three of the Agreement, the Customer's Annual Growth Incentive Award will be calculated based on the Customer's actual billing at the beginning of each year.

IV. REGULATORY CONSIDERATIONS

- A. Customer recognizes and agrees that V&T is not intended to replace or supersede existing tariffs and that all services that are included in the V&T offering will be purchased in accordance with the approved BellSouth General Subscriber Services Tariff and Private Line Services Tariff in effect in each state. The provisions of such tariffs applicable to the services shall apply unless and except to the extent this Agreement contains express provisions specifically in conflict therewith in which case the express provisions of this Agreement shall control to the extent permitted by applicable law.

Customer acknowledges that BellSouth may be required to file and obtain approval of the V&T Agreement in certain states prior to implementation of a V&T offering. BellSouth agrees to begin any necessary filings within 30 days after the execution of a V&T Agreement between BellSouth and Customer. In the event the V&T Agreement is denied by a regulatory agency in any state or by any other court or regulatory body having jurisdiction over this matter, this Agreement shall be null and void and of no effect in that state.

V. COMMITMENT SHORTFALL

Customer agrees that if it fails to meet its Annual Revenue Commitment during a given year, BellSouth shall bill and Customer agrees to pay the difference between the actual billed revenue for the preceding 12 month period and its Annual Revenue Commitment. BellSouth will issue Customer a bill for the commitment shortfall.

VI. TERMINATION LIABILITY

If Customer desires to terminate the V&T Agreement prior to its expiration, Customer must provide BellSouth written notice of such termination 90 days prior to the effective date of termination. BellSouth will bill Customer termination liability that is equal to any Annual Growth Incentive Rewards provided to the Customer plus the remaining Annual Revenue Commitment for the next twelve months of the Agreement or the revenue commitment for the remaining months of the Agreement whichever is shorter.

VII. BUSINESS DOWNTURN

In the event of a divestiture of a significant part of the Customer's business, a business downturn beyond Customer's control, or a network optimization using other BellSouth services, any of which significantly reduces the volume of network services required by Customer with the result that Customer is unable to meet its Annual Revenue Commitment under this Agreement (notwithstanding Customer's best efforts to avoid such a shortfall), BellSouth and Customer will cooperate in efforts to develop a mutually agreeable alternative that will satisfy the concerns of both parties and comply with all applicable legal and regulatory requirements. Such alternative may reduce the Customer's Annual Revenue Commitment to the extent of any shortfall resulting from the business downturn or network optimization. This provision shall not apply to a change resulting from a decision by Customer: (i) to reduce its overall use of telecommunications; or (ii) to transfer portions of its traffic or projected growth to providers other than BellSouth. Customer must provide BellSouth written notice of the conditions it believes will require the application of this provision. This provision does not constitute a waiver of any charges, including shortfall charges, incurred by Customer prior to the time the parties mutually agree to amend this Agreement.

VIII. HIGHER ORDER OF SERVICE

From time to time, BellSouth may offer to Customer new technological features and capabilities ("Higher Order of Service"). For purposes of this Agreement, Higher Order of Service shall be defined as BellSouth services which will provide additional value to Customer with higher functionality and increased capacity. In the event that Customer elects to incorporate such a Higher Order of Service into its network design, and the use of such Higher Order of Service results in the Customer being unable to meet its Annual Revenue Commitment under this Agreement, then, subject to all applicable regulatory requirements, BellSouth agrees to cooperate with Customer to develop a mutually agreeable alternative that will satisfy the concerns of both parties. Such alternative may reduce Customer's Annual Revenue Commitment to the extent of any shortfall resulting from the migration to a Higher Order of Service.

IX. TARIFF CHANGES

If during the term of this Agreement, BellSouth requests and receives regulatory approval for price reductions on tariff services purchased by Customer and such price reductions cause Customer to be unable to meet its Annual Revenue Commitment under this Agreement, then subject to applicable regulatory requirements, BellSouth agrees to cooperate with Customer to develop a mutually agreeable alternative that will satisfy the concerns of both parties. Such alternative may reduce Customer's Annual Revenue Commitment to the extent of the shortfall resulting from the price reduction (s).

X. ANNUAL TRUE-UP

At the end of each contract year, BellSouth will conduct a review of Customer's revenue to determine if Customer achieved its Annual Revenue Commitment ("Annual True-Up"). During the Annual True-Up, BellSouth will calculate any Commitment Shortfall in accordance with Section V. During the Annual True-Up, BellSouth and the Customer can also propose any adjustments to the Annual Revenue Commitment.

XI. TERM

The Term of this Agreement shall be 3 years. This Agreement will automatically renew for an additional one year term unless the Customer provides Company written notification to cancel the Agreement with such notification being received by the Company not less than 60 days prior to the expiration of the Agreement.

XII. MISCELLANEOUS

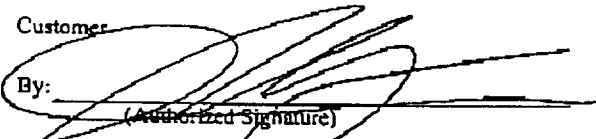
- A. This Agreement shall be construed in accordance with the laws of the State of Georgia. In the event that any inconsistency between any tariff and the terms of this Agreement arises, the tariff shall prevail, except to the extent this Agreement contains express provisions specifically in conflict therewith (in which case the express provisions of this Agreement shall control to the extent permitted by applicable law).

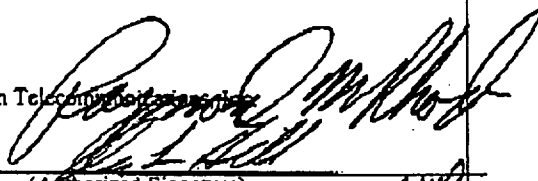
- B. Except as otherwise provided in this Agreement, notices required to be given pursuant to this Agreement shall be effective when received and shall be sufficient if given in writing, delivered by hand, facsimile, overnight mail delivery, or United States mail, postage prepaid, addressed to the appropriate party at the address set forth below. Either party hereto may change the name and address to whom all notices or other documents required under this Agreement must be sent at any time by giving written notice to the other party. Current addresses are:

BellSouth
Vice President & General Manager
BellSouth Business Systems
9000 Executive Park Drive
Building D, First Floor
Knoxville, TN 37923

Customer
Chattanooga State Technical Community College
4501 Amnicola Highway
Chattanooga, TN 37406

- C. In the event that one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any respect under any statute, regulatory requirement, or rule of law, then such provisions shall be considered inoperative to the extent of such invalidity, illegality or unenforceability, and the remainder of this Agreement shall continue in full force and effect.
- D. Each party agrees to submit to the other all advertising, sales promotion, press releases, and other publicity matters relating to this Agreement or to the services provided under this Agreement wherein corporate or trade names, logos, trademarks, or service marks of the other party or any of its affiliated companies are mentioned or wherein there is language from which a connection to said names or marks may be inferred. Each party further agrees not to publish or use such advertising, sales promotions, press releases, or publicity matters without the other party's prior written approval.
- E. Customer may not assign its rights or obligations under this Agreement without the prior written consent of the Company. Such consent shall not be unreasonably withheld.
- **and except as provided in the attached ADDENDUM which forms an integral part of the AGREEMENT.
- IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative on the dates set forth below,

Customer
By: 
(Authorized Signature)
Title: President
Date: 12/17/99

BellSouth Telecommunications
By: 
(Authorized Signature)
Title: Regional Account Manager
Date: 12/17/99

PROPRIETARY NOT FOR DISCLOSURE OUTSIDE OF BELL SOUTH EXCEPT WITH WRITTEN PERMISSION

Financial Analysis

With Annual Revenue Growth = 0 %

Chattanooga State Technical Community College

	Base Period	Year 1*	Year 2*	Year 3*
Total Revenue	\$79,236	\$79,236	\$79,236	\$79,236
Total Discountable Revenue	\$53,438	\$53,436	\$53,436	\$53,436
Est. Savings from Discount of 5.00 %		\$2,671	\$2,671	\$2,671
Est. Savings from AGI = 0 %		\$0	\$0	\$0
Est. Total Savings for year		\$2,671	\$2,671	\$2,671

Est. total savings for 3 year(s) = \$8,015

Financial Analysis

With Annual Revenue Growth = 5 %

Chattanooga State Technical Community College

	Base Period	Year 1*	Year 2*	Year 3*
Total Revenue	\$79,236	\$83,197	\$87,357	\$91,725
Total Discountable Revenue	\$53,438	\$56,107	\$58,913	\$61,858
Est. Savings from Discount of 5.00 %		\$2,805	\$2,945	\$3,092
Est. Savings from AGI = 0 %		\$0	\$0	\$0
Est. Total Savings for year		\$2,805	\$2,945	\$3,092

Est. total savings for 3 year(s) = \$8,843

Addendum

Network Optimization

BellSouth agrees to perform analysis to assist the Customer in the determination of the most efficient utilization of BellSouth network services. BellSouth shall perform analysis to determine the most efficient network architecture and the mix of BellSouth services necessary to most efficiently meet the Customer's telecommunications service requirements.

Service Assurance

BellSouth further agrees that in the event Customer experiences an outage on facilities, not currently covered under existing tariffs, of four hours or more, Customer shall be provided an adjustment of one hundred dollars per applicable facility, not to exceed \$1000 per billing cycle. Any applicable adjustments shall be applied only once during a month or billing period and the adjustment shall be applicable only to the facility that experienced the outage. Customer is required to provide Company notification of any such outage. This provision shall not be applicable to the extent such outage is due to acts of God or other causes beyond the control of the Company.

Try and Buy(s)

BellSouth shall provide Customer 911 Pinpoint service utilizing ISDN PRI and waive recurring charges for the network service for 3 months. If at the end of this period, Customer determines that the performance of the service is acceptable, Customer may subscribe to the service at applicable recurring and nonrecurring tariff rates or the Customer may terminate the service without incurring termination liability.

Performance Monitoring

BellSouth shall provide monitoring of Customer's lines for static, noise, breaks, etc. on a monthly basis. In the event any troubles are detected, a report will be generated to the BRC for analysis and action.

Guaranteed Call Continuity

BellSouth shall provide a recovery service to Customer that utilize MultiLine Hunt Group, Primary Rate Interface, and Direct Inward Dial trunks that provides the capability to reroute calls or announcements to a single or multiple location on a full or percentage basis via a predetermined call routing plan. Customer shall be limited to two predetermined plans. The recovery service shall be provided where facilities are available. The capability shall be available 7 days a week and 24 hours a day. The Customer shall be billed usage associated with calls that are rerouted.

BellSouth Business Systems
Suite 1700
1800 Century Blvd.
Atlanta, GA 30345

Alan Baldwin
Telecom Mgr
4501 Amnicola Highway
Chattanooga, TN

Dear Alan:

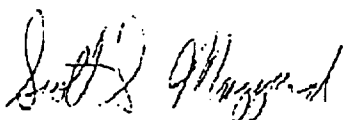
Our customers have told us they are looking for a telecommunications service provider that offers reliable services that are competitively priced, easy to do business with and allows one-stop shopping. BellSouth is changing to meet these needs!

The Premier Customer Program is one plan BellSouth developed to show Chattanooga State Technical Community College, our valued customer, how we are evolving to become your strategic partner. The features of the Premier Customer Program include:

- Enhanced Business Relationship
 - priority response and service guarantees
- Rewards for Loyal Customers
 - savings on many services
- Incentives To Buy Additional Services
 - the more you buy, the larger the savings
- Continued Account Team Support
 - highly trained technical assistance & expertise
- One-stop shopping
 - full range of voice and data services
- Risk Avoidance
 - stability and continuity in a rapidly changing market

As a premier customer of BellSouth, you are invited to take advantage of this plan. With your acceptance today, Chattanooga State Technical Community College can begin to realize the numerous benefits of the Premier Customer Program.

Sincerely,



Scott Maggard
Account Manager

Premier Customer Program for Chattanooga State Technical Community College

Service Enhancements

- **Service Assurance Guarantees**
For circuit outages more than 4 hours *\$100 per applicable facility
- **Guaranteed Continuity**
Re-routing service plan *Two pre-determined calls
- **Performance Monitoring**
Periodic monitoring of all services

New Technology Trial

- **Try & Buy**
911 Pinpoint

Short & Long Term Planning

- **Network Optimization**
Analysis to determine the most efficient use of BellSouth Network services, network architecture, and mix of services that best meet your business needs.
- **Annual Quality Review**
Audit to review performance and identify areas where improvements are needed.

Premier Customer Reward

- **Term**
3-year contract
- **Discount**
5.0% on eligible services
- **Annual Growth Incentive**
1% additional discount on eligible services if billing has increased by more than 15% over previous 12 months.
2% additional discount on eligible services if billing has increased by more than 25% over previous 12 months.

Other Program Features

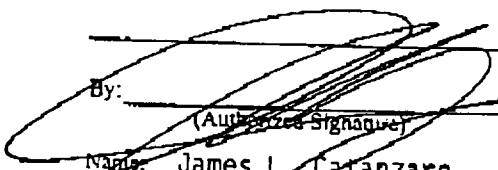
- **Ability to add new services**
As BellSouth introduces new services, they may be added to your contract.
- **Continue same level of support**
You will retain the knowledge and experience of your BellSouth Account Team.
- **Business Flexibility**
Your Volume of Business commitment can be adjusted if you don't meet it because of Business Downturn, Higher Order of Service, or Tariff Changes. If BellSouth receives approval for a lower tariff rate, the new rate automatically applies. This insures minimum business risk and maximum program benefits.

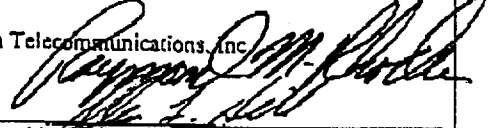
Master Service Agreement

This Master Services Agreement ("Agreement") is entered into by and between BellSouth Telecommunications, Inc. ("BellSouth") and Chattanooga State Technical Community College ("Customer"), BellSouth and Customer hereby agree to the following terms and conditions:

- I. Customer hereby orders the services described in the Masters Services Agreement - Order Attachment ("Order Attachment(s)") at the recurring and non-recurring rates, charges in the Order Attachment, and in accordance with terms and conditions as described in applicable tariffs and Order Attachments(s). Customer agrees to pay for the services included in the Order Attachment(s) to this Agreement.
- II. This Agreement is subject to and controlled by the provisions of BellSouth's tariffs including but not limited to the General Subscriber Services Tariff and the Private Line Tariff and all such revisions to said tariffs as may be made from time to time. Except for rates and charges in the Order Attachment(s), the tariff shall supersede and conflicting provisions of this Agreement, BellSouth agrees that any appropriate tariff decreases for any rate element will be provided to the Customer.
- III. If Customer cancels a service ordered pursuant to an Order Attachment prior to the completed installation of the service but after the execution of the Order Attachment, Customer shall pay all reasonable costs incurred in the implementation of the service included in the Order Attachment. Such reasonable costs shall not exceed all costs which would apply if the work in the implementation of the Order Attachment had been completed.
- IV. If Customer cancels a service ordered pursuant to an Order Attachment at any time prior to the expiration of the service period set forth in the appropriate Order Attachment(s), Customer shall be responsible for all termination charges unless otherwise specified. Termination charges are defined as all reasonable charges due or remaining as a result of the minimum service period agreed to by BellSouth and Customer as set forth in the Order Attachment(s).
- V. This agreement when used in conjunction with a Special Assembly or Contract Services Arrangement may be subject to appropriate regulatory approval prior to commencement of installation. In the event such regulatory approval is denied, after a proper request by BellSouth, any Special Assembly and/or Contract Service Arrangement shall be null and void and be of no effect.
- VI. The service period shall be as specified in the Order Attachment(s) to this Agreement.
- VII. For the determination of any service period, the service period shall commence the date that the installation of service is completed.
- VIII. At the expiration of the service period for any service that is available pursuant to the tariff, the Customer may continue the service according to renewal options provided under the tariff. If the customer does not elect an additional service period, or does not request discontinuance of service, the service will be provided at the monthly rate currently in effect for month-to-month rates. At the expiration of the service period for any Special Assembly or Contract Service Arrangement, the customer may convert to an available tariff offering for the specific service or may request a new Special Assembly

- IX. Customer may order additional existing services or new services by submitting an appropriate Order Attachment properly authorized and submitted in accordance with BellSouth's procedures. Rates for additional and/or new services will be in accordance with the applicable tariff rates in effect at the time the Order Attachment is accepted by BellSouth or as otherwise stated in the appropriate Order Attachment.
- X. This agreement shall be governed by and construed in accordance with the laws of each state where the service is provided unless otherwise provided.
- XI. Except as otherwise provided in the Agreement, notices required to be given pursuant to this Agreement shall be effective when received, and shall be sufficient if given in writing, hand delivered or deposited in United States mail, postage prepaid, addressed to the appropriate party at the address set forth below:
- | | |
|-----------------------------|-----------------------------|
| _____
(Name) | _____
(Name) |
| _____
(Address) | _____
(Address) |
| _____
(Attention: _____) | _____
(Attention: _____) |
- XII. Customer may not assign its rights or obligations under this Agreement without the express prior written consent of BellSouth and only pursuant to the conditions contained in the appropriate tariff.
- XIII. In the event that one or more of the provisions contained in this Agreement or incorporated within by reference shall be invalid, illegal or unenforceable in any respect under any applicable statute, regulatory requirement or rule of law, then such provision shall be considered inoperative to the extent of such invalidity, illegality or unenforceability and the remainder of this Agreement shall continue in full force and effect.
- XIV. This Agreement shall become effective upon execution by both parties.
 **and except as provided in the attached ADDENDUM which forms an integral part of this AGREEMENT.
 IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the dates set forth below:

By: 
 (Authorized Signature)
 Name: James L. Catanzaro
 (Print or Type)
 Title: President
 Date: 12/19/96

BellSouth Telecommunications, Inc.
 By: 
 (Authorized Signature)
 Name: Raymond H. Rhodes
 (Print or Type)
 Title: Regional Account Manager
 Date: 12/19/96

97-148



BellSouth Telecommunications, Inc. 615 214-5883
Room 22A1
333 Commerce Street
Nashville, Tennessee 37201-3300

Robert Reynolds
Director
Regulatory

April 14, 1997

Mr. Mike Gaines
Telecommunications Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee

Dear Mike:

SUBJECT: Tariff Filing for Contract Service Arrangement TN96-7961-02

Enclosed is the signed contract for Contract Service Arrangement TN96-7961-02, along with the supporting cost and revenue information. Please note this information is considered proprietary and is being furnished subject to a proprietary agreement.

Please refer questions to Paul Stinson on 214-3839.

Yours truly,

A handwritten signature in cursive script, appearing to read "Robert Reynolds".

Attachments

Master Service Agreement

This Master Services Agreement ("Agreement") is entered into by and between BellSouth Telecommunications, Inc. ("BellSouth") and ~~Gilbert Creative Services, Inc.~~ ("Customer"), BellSouth and Customer hereby agree to the following terms and conditions:

- I. Customer hereby orders the services described in the Masters Services Agreement --Order Attachment ("Order Attachment(s)") at the recurring and non-recurring rates, charges in the Order Attachment, and in accordance with terms and conditions as described in applicable tariffs and Order Attachments(s). Customer agrees to pay for the services included in the Order Attachment(s) to this Agreement.
- II. This Agreement is subject to and controlled by the provisions of BellSouth's tariffs including but not limited to the General Subscriber Services Tariff and the Private Line Tariff and all such revisions to said tariffs as may be made from time to time. Except for rates and charges in the Order Attachment(s), the tariff shall supersede and conflicting provisions of this Agreement, BellSouth agrees that any appropriate tariff decreases for any rate element will be provided to the Customer.
- III. If Customer cancels a service ordered pursuant to an Order Attachment prior to the completed installation of the service but after the execution of the Order Attachment, Customer shall pay all reasonable costs incurred in the implementation of the service included in the Order Attachment. Such reasonable costs shall not exceed all costs which would apply if the work in the implementation of the Order Attachment had been completed.
- IV. If Customer cancels a service ordered pursuant to an Order Attachment at any time prior to the expiration of the service period set forth in the appropriate Order Attachment(s), Customer shall be responsible for all termination charges unless otherwise specified. Termination charges are defined as all reasonable charges due or remaining as a result of the minimum service period agreed to by BellSouth and Customer as set forth in the Order Attachment(s).
- V. This agreement when used in conjunction with a Special Assembly or Contract Services Arrangement may be subject to appropriate regulatory approval prior to commencement of installation. In the event such regulatory approval is denied, after a proper request by BellSouth, any Special Assembly and/or Contract Service Arrangement shall be null and void and be of no effect.
- VI. The service period shall be as specified in the Order Attachment(s) to this Agreement.
- VII. For the determination of any service period, the service period shall commence the date that the installation of service is completed.
- VIII. At the expiration of the service period for any service that is available pursuant to the tariff, the Customer may continue the service according to renewal options provided under the tariff. If the customer does not elect an additional service period, or does not request discontinuance of service, the service will be provided at the monthly rate currently in effect for month-to-month rates. At the expiration of the service period for any Special Assembly or Contract Service Arrangement, the customer may convert to an available tariff offering for the specific service or may request a new Special Assembly or Contract Service Arrangement.

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Except Under Written Agreement

- IX. Customer may order additional existing services or new services by submitting an appropriate Order Attachment properly authorized and submitted in accordance with BellSouth's procedures. Rates for additional and/or new services will be in accordance with the applicable tariff rates in effect at the time the Order Attachment is accepted by BellSouth or as otherwise stated in the appropriate Order Attachment.
- X. This agreement shall be governed by and construed in accordance with the laws of each state where the service is provided unless otherwise provided.
- XI. Except as otherwise provided in the Agreement, notices required to be given pursuant to this Agreement shall be effective when received, and shall be sufficient if given in writing, hand delivered or deposited in United States mail, postage prepaid, addressed to the appropriate party at the address set forth below:

MTSU

(Name)

Box 226 Murfreesboro, TN

(Address)

BellSouth Business Systems

(Name)

333 Commerce St. Nashville, TN

(Address)

(Attention: Steve Prichard) (Attention: Vickie Stanfield)

- XII. Customer may not assign its rights or obligations under this Agreement without the express prior written consent of BellSouth and only pursuant to the conditions contained in the appropriate tariff.
- XIII. In the event that one or more of the provisions contained in this Agreement or incorporated within by reference shall be invalid, illegal or unenforceable in any respect under any applicable statute, regulatory requirement or rule of law, then such provision shall be considered inoperative to the extent of such invalidity, illegality or unenforceability and the remainder of this Agreement shall continue in full force and effect.
- XIV. This Agreement shall become effective upon execution by both parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the dates set forth below: **see attachment*

Middle Tennessee State University

By: *[Signature]*

(Authorized Signature)

Name: Duane Stucky, Vice President
Finance & Administration
(Print or Type)

Title: _____

Date: 12/17/96

BellSouth Telecommunications, Inc.

By: *[Signature]*

(Authorized Signature)

Name: DAVID E. PENDERGRAST
(Print or Type)

Title: SALES MANAGER

Date: 1-2-97

PROPRIETARY - NOT FOR DISCLOSURE OUTSIDE OF BELL SOUTH EXCEPT WITH WRITTEN PERMISSION

ATTACHMENT
TO THE
MASTER SERVICE AGREEMENT
BETWEEN
BELLSOUTH TELECOMMUNICATIONS, INC.
AND
MIDDLE TENNESSEE STATE UNIVERSITY

In addition, the parties agree to the following terms:

- A. Non-discrimination. The parties agree to comply with Title VI and VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, Executive Order 11,246, and the related regulations to each. Each party assures that it will not discriminate against any individual including, but not limited to, employees or applicants for employment and/or students, because of race, religion, creed, color, sex, age, disability, veteran status, or national origin.

The parties also agree to take affirmative action to ensure that applicants are employed and that employees are treated during the employment without regard to their race, religion, creed, color, sex, disability, or national origin. Such action shall include, but not be limited by the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection available to employees and applicants for employment.

- B. Records. BellSouth shall maintain records pertaining to this Agreement for a period of three (3) years from the date of final payment. Such records shall be subject to audit by the State of Tennessee.
- C. Conflict of Interest. BellSouth warrants that no part of the total contract amount provided in the Agreement shall be paid directly or indirectly to any officer or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor or consultant to BellSouth in connection with any work contemplated or performed relative to this Agreement.
- D. Term: In no event shall the total term of this Agreement, including the initial three year period and subsequent renewals, exceed a total of five (5) years.
- E. Any and all claims against the State of Tennessee, including MTSU or its employees, for injury, damage, expenses, or attorneys' fees shall be heard and determined by the Tennessee Claims Commission in the manner prescribed by law. Damages recoverable against University shall be limited expressly to claims paid by the Claims Commission pursuant to T.C.A. Section 9-8-301 et seq.
- F. Customer, as a state institution of higher education, agrees to the term and conditions relative hereto to the extent permissible under the laws or Constitution of the State of Tennessee.

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Premier Customer Agreement

This Volume and Term ("V&T") Agreement ("Agreement") is entered into by and between BellSouth Telecommunications, Inc., a Georgia corporation ("BellSouth") and Middle Tennessee State University, a N/K corporation, (hereinafter referred to as "Customer").

I. ANNUAL REVENUE COMMITMENT

- A. Customer agrees to an Annual Revenue Commitment of \$144,400 for 3 years. The Customer Annual Revenue Commitment represents the Customer's total previous month's billing for regulated local and intraLATA services annualized.
- B. BellSouth and Customer agree that except as otherwise provided herein, the Customer's total billing for local and regulated intraLATA service for each year of the V&T offering shall be applied toward Customer's Annual Revenue Commitment.
- C. Billing for non-recurring charges, directory assistance, measured or message local service, taxes, and publicly imposed surcharges, including but not limited to the surcharges for 911 service and dual party relay service, is not used to calculate the Annual Revenue Commitment.
- D. The Annual Revenue Commitment may be adjusted due to a Business Downturn, Higher Order of Service, or Tariff Change as defined in this Agreement.
- E. Customer may elect to increase its Annual Revenue Commitment during the term of the Agreement.

II. DISCOUNT LEVELS

- A. BellSouth shall apply a discount of 5 % off the recurring tariffed rates for the total billed revenue associated with the discount eligible services. The discount shall be applied to the monthly bill.
- B. Charges billed pursuant to the Federal or State Access Services tariffs, billing for taxes or public imposed surcharges, including but not limited to, the surcharges for 911 or dual party relay services, nonrecurring charges, directory assistance, local usage and charges billed for less than a full month's services will not be subject to a discount.
- C. Charges billed to Customer for Contract Service Arrangements, End User Common Line Charges, WATSSaver, Special Assemblies and Special Access are not eligible for the application of the discount. In addition, billing associated with certain services may not be eligible for the application of a discount in order to maintain compliance with regulatory and legal requirements.

III. ANNUAL GROWTH REWARD DISCOUNT

At the end of each contract year, if the Customer has committed at least 100 percent of its total current local and regulated intraLATA billing, the Customer will be provided the opportunity to earn additional incentives based on the Customer's annual growth. Specifically, at the end of each contract year, BellSouth will review the Customer's cumulative billing for the previous

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12 month period and will offer the Customer the opportunity to qualify for additional growth incentives. Customer can qualify for and achieve additional incentives in the following manner:

- A. In the event the customer elects to increase its Annual Revenue Commitment and that increase results in the Customer being eligible for a higher level discount, BellSouth will provide the Customer an additional credit equal to 10% of the incremental amount of the increase not to exceed \$1,000.
- B. Customer will also be provided the opportunity to earn an Annual Growth Reward Discount. The Annual Growth Reward Discount is intended to provide the Customer an additional discount based on the Customer's increase in billed revenue. In order to determine the Annual Growth Reward Discount, BellSouth will review the Customer's Annual Revenue Commitment and the Customer's billing at the end of the first twelve month period after signing this Agreement. If the amount billed at the end of the twelve month period is fifteen percent higher than the Customer's Annual Revenue Commitment, then BellSouth will provide the Customer a one percent discount. In the event the Customer's billing at the end of the first twelve month period after signing this Agreement is twenty-five percent higher than the Customer's Annual Revenue Commitment, BellSouth will provide the Customer a two percent discount. In Year Two and Year Three of the Agreement, the Customer's Annual Growth Incentive Award will be calculated based on the Customer's actual billing at the beginning of each year.

IV. REGULATORY CONSIDERATIONS

- A. Customer recognizes and agrees that V&T is not intended to replace or supersede existing tariffs and that all services that are included in the V&T offering will be purchased in accordance with the approved BellSouth General Subscriber Services Tariff and Private Line Services Tariff in effect in each state. The provisions of such tariffs applicable to the services shall apply unless and except to the extent this Agreement contains express provisions specifically in conflict therewith in which case the express provisions of this Agreement shall control to the extent permitted by applicable law.

Customer acknowledges that BellSouth may be required to file and obtain approval of the V&T Agreement in certain states prior to implementation of a V&T offering. BellSouth agrees to begin any necessary filings within 30 days after the execution of a V&T Agreement between BellSouth and Customer. In the event the V&T Agreement is denied by a regulatory agency in any state or by any other court or regulatory body having jurisdiction over this matter, this Agreement shall be null and void and of no effect in that state.

V. COMMITMENT SHORTFALL

Customer agrees that if it fails to meet its Annual Revenue Commitment during a given year, BellSouth shall bill and Customer agrees to pay the difference between the actual billed revenue for the preceding 12 month period and its Annual Revenue Commitment. BellSouth will issue Customer a bill for the commitment shortfall.

VI. TERMINATION LIABILITY

If Customer desires to terminate the V&T Agreement prior to its expiration, Customer must provide BellSouth written notice of such termination 90 days prior to the effective date of termination. BellSouth will bill Customer termination liability that is equal to any Annual Growth Incentive Rewards provided to the Customer plus the remaining Annual Revenue Commitment for the next twelve months of the Agreement or the revenue commitment for the remaining months of the Agreement whichever is shorter.

VII. BUSINESS DOWNTURN

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In the event of a divestiture of a significant part of the Customer's business, a business downturn beyond Customer's control, or a network optimization using other BellSouth services, any of which significantly reduces the volume of network services required by Customer with the result that Customer is unable to meet its Annual Revenue Commitment under this Agreement (notwithstanding Customer's best efforts to avoid such a shortfall), BellSouth and Customer will cooperate in efforts to develop a mutually agreeable alternative that will satisfy the concerns of both parties and comply with all applicable legal and regulatory requirements. Such alternative may reduce the Customer's Annual Revenue Commitment to the extent of any shortfall resulting from the business downturn or network optimization. This provision shall not apply to a change resulting from a decision by Customer: (i) to reduce its overall use of telecommunications; or (ii) to transfer portions of its traffic or projected growth to providers other than BellSouth. Customer must provide BellSouth written notice of the conditions it believes will require the application of this provision. This provision does not constitute a waiver of any charges, including shortfall charges, incurred by Customer prior to the time the parties mutually agree to amend this Agreement.

VIII. HIGHER ORDER OF SERVICE

From time to time, BellSouth may offer to Customer new technological features and capabilities ("Higher Order of Service"). For purposes of this Agreement, Higher Order of Service shall be defined as BellSouth services which will provide additional value to Customer with higher functionality and increased capacity. In the event that Customer elects to incorporate such a Higher Order of Service into its network design, and the use of such Higher Order of Service results in the Customer being unable to meet its Annual Revenue Commitment under this Agreement, then, subject to all applicable regulatory requirements, BellSouth agrees to cooperate with Customer to develop a mutually agreeable alternative that will satisfy the concerns of both parties. Such alternative may reduce Customer's Annual Revenue Commitment to the extent of any shortfall resulting from the migration to a Higher Order of Service.

IX. TARIFF CHANGES

If during the term of this Agreement, BellSouth requests and receives regulatory approval for price reductions on tariff services purchased by Customer and such price reductions cause Customer to be unable to meet its Annual Revenue Commitment under this Agreement, then subject to applicable regulatory requirements, BellSouth agrees to cooperate with Customer to develop a mutually agreeable alternative that will satisfy the concerns of both parties. Such alternative may reduce Customer's Annual Revenue Commitment to the extent of the shortfall resulting from the price reduction(s).

X. ANNUAL TRUE-UP

At the end of each contract year, BellSouth will conduct a review of Customer's revenue to determine if Customer achieved its Annual Revenue Commitment ("Annual True-Up"). During the Annual True-Up, BellSouth will calculate any Commitment Shortfall in accordance with Section V. During the Annual True-Up, BellSouth and the Customer can also propose any adjustments to the Annual Revenue Commitment.

XI. TERM

The Term of this Agreement shall be 3 years. This Agreement will automatically renew for an additional one year term unless the Customer provides Company written notification to cancel the Agreement with such notification being received by the Company not less than 60 days prior to the expiration of the Agreement.

XII. MISCELLANEOUS

- A. This Agreement shall be construed in accordance with the laws of the State of ~~Georgia~~. In the event that any inconsistency between any tariff and the terms of this Agreement arises, the tariff shall prevail, except to the extent this Agreement contains express provisions specifically in conflict therewith (in which case the express provisions of this Agreement shall control to the extent permitted by applicable law).

TENNESSEE
DS
DP

- B. Except as otherwise provided in this Agreement, notices required to be given pursuant to this Agreement shall be effective when received and shall be sufficient if given in writing, delivered by hand, facsimile, overnight mail delivery, or United States mail, postage prepaid, addressed to the appropriate party at the address set forth below. Either party hereto may change the name and address to whom all notices or other documents required under this Agreement must be sent at any time by giving written notice to the other party.

Current addresses are:

BellSouth
Vice President & General Manager
BellSouth Business Systems
333 Commerce
NASHVILLE, TN
37201

Customer
MIDDLE TENNESSEE STATE UNIVERSITY
ATTN: STEVE PRICHARD
Box 226
MURFREESBORO, TN 37132

- C. In the event that one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any respect under any statute, regulatory requirement, or rule of law, then such provisions shall be considered inoperative to the extent of such invalidity, illegality or unenforceability, and the remainder of this Agreement shall continue in full force and effect.
- D. Each party agrees to submit to the other all advertising, sales promotion, press releases, and other publicity matters relating to this Agreement or to the services provided under this Agreement wherein corporate or trade names, logos, trademarks, or service marks of the other party or any of its affiliated companies are mentioned or wherein there is language from which a connection to said names or marks may be inferred. Each party further agrees not to publish or use such advertising, sales promotions, press releases, or publicity matters without the other party's prior written approval.
- E. Customer may not assign its rights or obligations under this Agreement without the prior written consent of the Company. Such consent shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative on the dates set forth below.

*** SEE ATTACHMENT**

Customer

By: 

(Authorized Signature)

Duane Stucky, Vice President
Finance & Administration

Title: _____

Date: 12/17/96

BellSouth Telecommunications, Inc.

By: 

(Authorized Signature)

Title: SALES MANAGER

Date: 1-2-97

PROPRIETARY - NOT FOR DISCLOSURE OUTSIDE OF BELL SOUTH EXCEPT WITH WRITTEN PERMISSION

DISCOUNT TABLE

Annual Revenue Commitment

\$ 284,648

Discount Level & Term

5.0 % 36 Months

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Except Under Written Agreement

Addendum

Enhanced Billing Options

BellSouth agrees to offer Customer the following Enhanced Billing Options.

- (1) Diskette
- (2) Electronic Data Interchange
- (3) Customized Large User Bill
- (4) CD Rom

Network Optimization

BellSouth agrees to perform analysis to assist the Customer in the determination of the most efficient utilization of BellSouth network services. BellSouth shall perform analysis to determine the most efficient network architecture and the mix of BellSouth services necessary to most efficiently meet the Customer's telecommunications service requirements.

Service Assurance

BellSouth further agrees that in the event Customer experiences an outage on facilities, not currently covered under existing tariffs, of four hours or more, Customer shall be provided an adjustment of one hundred dollars per applicable facility, not to exceed \$1000 per billing cycle. Any applicable adjustments shall be applied only once during a month or billing period and the adjustment shall be applicable only to the facility that experienced the outage. Customer is required to provide Company notification of any such outage. This provision shall not be applicable to the extent such outage is due to acts of God or other causes beyond the control of the Company.

Try and Buy(s)

BellSouth shall provide Customer 911 Pinpoint service utilizing ISDN PRI and waive recurring charges for the network service for 3 months. If at the end of this period, Customer determines that the performance of the service is acceptable, Customer may subscribe to the service at applicable recurring and nonrecurring tariff rates or the Customer may terminate the service without incurring termination liability.

BellSouth shall provide the Customer BellSouth's voice conferencing service and waive the nonrecurring charges for the initial 500 minutes of use. If after the Customer's use of the service for the initial 500 minutes of use, Customer determines that the performance of the service is acceptable, Customer may subscribe to the service and BellSouth shall bill the Customer for the additional usage of the service at the applicable recurring and nonrecurring charges or the Customer may terminate the service without liability.

Performance Monitoring

BellSouth shall provide monitoring of Customer's lines for static, noise, breaks, etc. on a monthly basis. In the event any troubles are detected, a report will be generated to the BRC for analysis and action.

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NOTICE
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THE BELL SOUTH CORPORATION
Except Under Written Agreement

ATTACHMENT
TO THE
PREMIER CUSTOMER AGREEMENT
BETWEEN
BELLSOUTH TELECOMMUNICATIONS, INC.
AND
MIDDLE TENNESSEE STATE UNIVERSITY

In addition, the parties agree to the following terms:

- A. Non-discrimination. The parties agree to comply with Title VI and VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, Executive Order 11,246, and the related regulations to each. Each party assures that it will not discriminate against any individual including, but not limited to, employees or applicants for employment and/or students, because of race, religion, creed, color, sex, age, disability, veteran status, or national origin.
- The parties also agree to take affirmative action to ensure that applicants are employed and that employees are treated during the employment without regard to their race, religion, creed, color, sex, disability, or national origin. Such action shall include, but not be limited by the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection available to employees and applicants for employment.
- B. Records. BellSouth shall maintain records pertaining to this Agreement for a period of three (3) years from the date of final payment. Such records shall be subject to audit by the State of Tennessee.
- C. Conflict of Interest. BellSouth warrants that no part of the total contract amount provided in the Agreement shall be paid directly or indirectly to any officer or employee of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor or consultant to BellSouth in connection with any work contemplated or performed relative to this Agreement.
- D. Term: In no event shall the total term of this Agreement, including the initial three year period and subsequent renewals, exceed a total of five (5) years.
- E. Any and all claims against the State of Tennessee, including MTSU or its employees, for injury, damage, expenses, or attorneys' fees shall be heard and determined by the Tennessee Claims Commission in the manner prescribed by law. Damages recoverable against University shall be limited expressly to claims paid by the Claims Commission pursuant to T.C.A. Section 9-8-301 et seq.
- F. Customer, as a state institution of higher education, agrees to the term and conditions relative hereto to the extent permissible under the laws or Constitution of the State of Tennessee.

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**ADDITIONAL
TERMS AND CONDITIONS
TN96-7961-02**

- Customer must meet one hundred percent (100%) of its Annual Revenue Commitment of \$284,648 within Tennessee
- Discount eligible services are as follows:
 - Business Services:
 - Custom Calling
 - Directory White Page Services
 - Flat Rate Business
 - Inside Wire-Basic
 - TouchStar®
 - Touchtone
 - MegaLink® ISDN
 - Hunting
 - Network Access Registers (NARS):
 - MegaLink® NARS/ MegaLink® Channel Service NARS/ MegaLink® ISDN NARS
 - PBX Trunks and DID Service:
 - DID/AIOD
- This Contract Service Arrangement is associated with Master Services Agreement TN97-0147-00.

® Registered Service Mark of BellSouth Corporation.

**PRIVATE/PROPRIETARY
- CONTAINS PRIVATE AND/OR PROPRIETARY INFORMATION
MAY NOT BE USED OR DISCLOSED OUTSIDE
THE BELL SOUTH COMPANIES EXCEPT
PURSUANT TO A WRITTEN AGREEMENT.**

Certificate of Service

I hereby certify that a true and correct copy of the foregoing Rebuttal Testimony of Robert T. Buckner was served on parties of record via U.S. Mail, postage prepaid, this 30th day of July, 1999.

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L. Vincent Williams